ALASKA ECONOMIC TRENDS

AUGUST SHOWS SIGNS OF SEASONAL SLOWDOWN

AK'S INCOME REGISTERS STRONG GROWTH

November 1990

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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November 1990
Volume 10
Number 11

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Employment Service

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Cover design by Jim Fowler

MADE in ALASKA

Alaska's Income Growth Among Strongest In Nation in 1989 & 1990

By Neal Fried

A strong economic recovery combined with income earned from the oil spill to raise Alaska's personal income to a new high in 1989. (See Figure 1.) The change in the state's total personal income figure was dramatic- from listless growth in 1988 to the second fastest growing state in 1989. Alaska's total personal income grew by over $1 billion last year. (See Table 1.)

A billion dollars more income in 1989 translated into an annual growth rate of 13%, and Alaska was one of four states that grew at double-digit speed. The last time personal income grew this rapidly in Alaska was in 1983. In 1989 almost all of Alaska's industries contributed to this income growth.

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Oil Spill Accounts for at Least a Third of all Income Growth

While almost every industry contributed to higher personal income levels, earnings from the oil spill cleanup are too large to ignore. According to the U.S. Department of Commerce, earnings in the transportation industry (where most of the oil spill earnings are counted) grew by $349 million. This accounts for nearly one-third of the total increase in Alaska's personal income in 1989 and doesn't factor in higher incomes in industries indirectly affected by the oil spill.

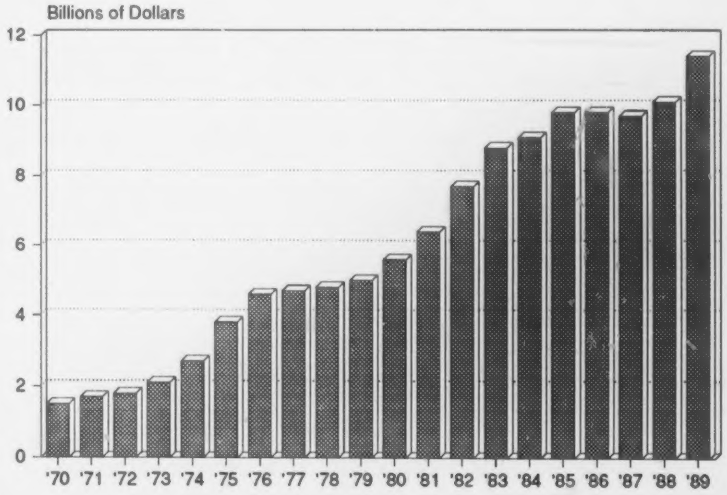
How much did the spill influence Alaska's income levels? Recent figures indicate that the torrid pace of income growth has moderated, but hasn't reversed itself. During the second quarter of 1990, Alaska led the nation in total personal income growth at an annual rate of 2.4%.

What Counts as Income?

The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) produces most of the nation's personal income data. BEA personal income estimates are available for the nation, regions of the country, states, and substate areas such as counties and metropolitan areas. These income figures are adjusted for residency- which means that nonresident income is subtracted from the Alaska figure but income of Alaskans who work outside of the state are added back into the state total. In 1989, the net effect of residence adjustment was that $498 million was subtracted from Alaska's total personal income.

Figure 1

Alaska Total Personal Income 1970-1989



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 1

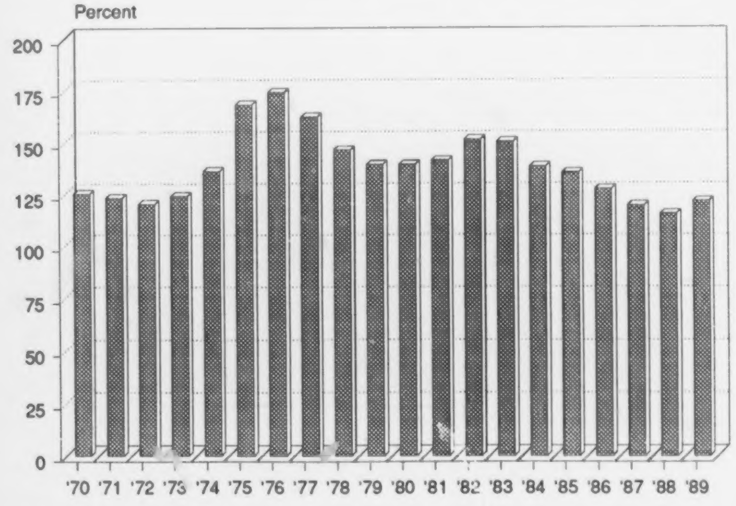
Total and Per Capita Personal Income Alaska and the U.S., 1970-1989

	Alaska Total (in millions of dollars)	U.S. Total (in millions of dollars)	Alaska Per Capita (dollars)	U.S. Per Capita (dollars)	Alaska Per Capita as % of U.S.
1970	1,544	825,534	5,073	4,051	125%
1971	1,679	888,536	5,305	4,296	123%
1972	1,827	976,181	5,596	4,665	120%
1973	2,148	1,095,289	6,447	5,182	124%
1974	2,650	1,204,899	7,689	5,648	136%
1975	3,780	1,308,482	10,189	6,073	168%
1976	4,560	1,447,002	11,599	6,651	174%
1977	4,701	1,602,863	11,831	7,294	162%
1978	4,791	1,806,968	11,912	8,136	146%
1979	5,021	2,028,510	12,582	9,033	139%
1980	5,599	2,254,076	13,835	9,919	139%
1981	6,449	2,514,231	15,486	10,949	141%
1982	7,739	2,663,432	17,366	11,481	151%
1983	8,758	2,834,385	18,161	12,098	150%
1984	9,140	3,101,163	18,087	13,114	138%
1985	9,802	3,317,545	18,785	13,896	135%
1986	9,820	3,519,364	18,483	14,596	127%
1987	9,681	3,766,092	18,438	15,471	119%
1988	10,094	4,058,655	19,042	16,513	115%
1989	11,407	4,368,129	21,656	17,596	123%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure 2

Alaska Per Capita Income As A Percentage of the National Average 1970-1989



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

When BEA calculates personal income figures they include:

- **Net earnings** – Which consist of wages and salaries, other labor income, and proprietors' income minus contributions for social insurance;
- **Dividends, interest, and rent** on assets; and
- **Transfer payments** – Which include government payments to individuals, government payments to nonprofits; and business payments to individuals.

BEA's figures are revised as new information becomes available. Therefore, the 1988 figures reported last year are slightly different than those reported in 1990.

Alaskan's Per Capita Income Also Grows

The growth in total personal income translated into strong growth in Alaska's per capita income figures. Per capita income is calculated by taking the total personal income of an area and dividing it by the area's resident population.

Alaska's per capita income reached a new high in 1989 — $21,656 for every man, woman and child. (See Table 2.) This is a per capita income growth rate of 12.6%, the highest in the nation in 1989. Per capita income in Alaska has never been higher, even after adjusting this figure for inflation. The closest per capita income came to this level in inflation-adjusted dollars was in 1983 at $20,449.

The state's 12.6% improvement in per capita income resulted in Alaska moving up three spots in the state rankings of per capita income. Although Alaska did not regain the top spot it held for many years, it moved to fifth place in 1989, after falling to eighth place in 1988. Alaska's standing relative to the national average also improved markedly in 1989. As a percent of the national average, Alaska's per capita income climbed from 115% in 1988 to 123% in 1989. (See Figure 2.) Although this is a far cry from the 174% reached in 1975, it is another positive indicator for the state.

Per Capita Personal Income By State
1988-1989

STATE	1989	1988	1988-1989 Percent Change	1989 Percent Of U.S.	1989 Average Persons per Household	1989 Average Household Income
Connecticut	$24,683	$23,190	6.4%	140%	2.59	$63,929
New Jersey	23,778	22,265	6.8	135	2.65	63,012
District of Columbia	23,491	22,063	6.5	134	2.37	55,674
Massachussets	22,174	20,898	6.1	126	2.55	56,544
ALASKA	21,656	19,237	12.6	123	2.81	60,853
New York	21,073	19,663	7.2	120	2.55	53,736
Maryland	21,013	19,639	7.0	119	2.65	55,684
New Hampshire	20,267	19,410	4.4	115	2.60	52,694
California	19,929	18,915	5.4	113	2.68	53,410
Nevada	19,269	17,849	8.0	110	2.47	47,594
Virginia	18,927	17,712	6.9	108	2.59	49,021
Illinois	18,824	17,567	7.2	107	2.60	48,942
Delaware	18,483	17,347	6.5	105	2.62	48,425
Hawaii	18,472	16,840	9.7	105	2.97	54,862
Rhode Island	17,950	16,870	6.4	102	2.55	45,773
Minnesota	17,657	16,472	7.2	100	2.57	45,378
Florida	17,647	16,515	6.9	100	2.45	43,235
Washington	17,647	16,364	7.8	100	2.48	43,765
U.S.	17,596	16,513	6.6	100	2.60	45,750
Colorado	17,553	16,471	6.6	100	2.53	44,409
Michigan	17,444	16,391	6.4	99	2.65	46,227
Pennsylvania	17,269	16,135	7.0	98	2.59	44,727
Kansas	16,498	15,688	5.2	94	2.52	41,575
Wisconsin	16,449	15,378	7.0	93	2.57	42,274
Ohio	16,373	15,427	6.1	93	2.57	42,079
Vermont	16,371	15,268	7.2	93	2.53	41,419
Missouri	16,292	15,331	6.3	93	2.53	41,219
Maine	16,248	15,045	8.0	92	2.52	40,945
Georgia	16,053	15,280	5.1	91	2.66	42,701
Oregon	15,919	14,811	7.5	90	2.45	39,002
Arizona	15,802	14,995	5.4	90	2.67	42,191
Indiana	15,779	14,721	7.2	90	2.59	40,868
Texas	15,702	14,753	6.4	89	2.71	42,552
Iowa	15,487	14,316	8.2	88	2.50	38,718
Nebraska	15,446	14,569	6.0	88	2.51	38,769
North Carolina	15,198	14,243	6.7	86	2.55	38,755
Tennessee	14,694	13,895	5.8	84	2.57	37,764
Wyoming	14,508	13,720	5.7	82	2.64	38,301
Oklahoma	14,154	13,306	6.4	80	2.50	35,385
Montana	14,078	12,870	9.4	80	2.55	35,899
Kentucky	13,743	12,792	7.4	78	2.60	35,732
Idaho	13,707	12,652	8.3	78	2.69	36,872
South Dakota	13,685	12,599	8.6	78	2.55	34,897
South Carolina	13,634	12,907	5.6	77	2.73	37,221
Alabama	13,625	12,814	6.3	77	2.65	36,106
North Dakota	13,563	12,342	9.9	77	2.56	34,721
New Mexico	13,140	12,401	6.0	75	2.74	36,004
Utah	13,079	12,225	7.0	74	3.14	41,068
Louisiana	12,921	12,238	5.6	73	2.74	35,404
Arkansas	12,901	12,141	6.3	73	2.58	33,285
West Virginia	12,345	11,578	6.6	70	2.58	31,850
Mississippi	11,724	11,055	6.1	67	2.75	32,241

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 3

1986-1988
Alaska's Per Capita Income by Census Area

	1986	1987	1988	Percent of U.S.	Rank in State	1987-88 Percent Change
ALASKA	$18,508	$18,463	$19,237	116.5%	—	4.2%
U.S.	14,597	15,472	16,513	100.0	—	6.7
Aleutian Islands C.A.	17,755	18,491	*	0.0	—	—
Aleutians East Borough	*	*	19,446	117.8	11	—
Aleutians West C.A.	*	*	20,630	124.9	9	—
Anchorage, Municipality of	21,299	21,142	21,840	132.3	7	3.3
Bethel Census Area	11,345	11,546	11,845	71.7	23	2.6
Bristol Bay Borough	25,402	25,329	25,584	154.9	2	1.0
Dillingham Census Area	15,871	15,186	16,657	100.9	14	9.7
Fairbanks North Star Borough	17,097	17,025	16,816	101.8	13	-1.2
Haines Borough	24,475	27,873	33,599	203.5	1	20.5
Juneau Borough	21,134	22,263	23,286	141.0	4	4.6
Kenai Peninsula Borough	15,494	15,109	16,024	97.0	16	6.1
Ketchikan Gateway Borough	20,773	22,470	23,551	142.6	3	4.8
Kodiak Island Borough	15,944	16,372	16,641	100.8	15	1.6
Matanuska-Susitna Borough	13,667	13,187	13,421	81.3	19	1.8
Nome Census Area	13,260	14,248	14,346	86.9	18	0.7
North Slope Borough	20,472	20,541	19,979	121.0	10	-2.7
Northwest Arctic Borough	12,768	12,663	13,312	80.6	20	5.1
Prince of Wales-Outer Ketchikan C.A.	14,503	14,637	15,462	93.6	17	5.6
Sitka Borough	18,899	19,811	20,922	126.7	8	5.6
Skagway-Yakutat-Angoon Census Area	18,658	17,422	17,849	108.1	12	2.5
Southeast Fairbanks Census Area	12,504	11,403	12,273	74.3	22	7.6
Valdez-Cordova Census Area	21,061	20,842	22,818	138.2	6	9.5
Wade Hampton Census Area	8,774	8,999	8,798	53.3	24	-2.2
Wrangell-Petersburg Census Area	20,606	21,720	22,998	139.3	5	5.9
Yukon-Koyukuk Census Area	12,469	11,855	12,410	75.2	21	4.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

* Estimates for 1988 separate the Aleutian Islands Census Area into Aleutians East Borough and Aleutians West Census Area.

Most of Alaskans' Income Comes From Wages And Salaries

Nearly three-quarters of Alaskans' income is earned in the form of wages and salaries, which is a substantially larger share than the rest of the nation. (See Figure 3.) This is probably because Alaska has a higher work force participation rate than the rest of the nation, meaning a larger percentage of Alaska's working age population is active in the labor force.

Alaskans earn a far smaller share of their income from the dividend, interest and rents side of the personal income equation. One possible explanation is demographics — a younger population such as Alaska's simply has not had the time to acquire the necessary assets which earn this kind of income.

Transfer payments are also in the income equation. They include unemployment benefits, welfare payments, social security, and in Alaska's case, permanent fund dividends and longevity bonus payments. Although Alaskans are the only Americans that earn the latter two, a proportionately larger share of the national population is receiving transfer payments in the form of social security.

Table 4

Alaska's Average Monthly Wage by Industry
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Mining	$3,802	$4,030	$4,254	$4,550	$4,703	$5,311	$4,921	$5,171	$5,126	$5,249
Construction	3,342	3,756	3,941	3,860	3,651	3,383	3,425	3,315	3,399	3,503
Manufacturing	1,846	1,828	1,955	2,065	2,115	2,000	2,019	2,116	2,143	2,338
Trans. Comm. & Utilities	2,458	2,731	2,915	2,931	2,946	2,797	2,896	2,718	2,699	3,408
Trade	1,342	1,446	1,522	1,598	1,624	1,546	1,610	1,409	1,487	1,566
Wholesale	2,156	2,286	2,446	2,533	2,558	2,558	2,601	2,484	2,468	2,550
Retail	1,154	1,244	1,302	1,373	1,397	1,316	1,376	1,272	1,274	1,339
Finance-Ins. & R.E.	1,565	1,687	1,915	2,017	2,122	2,252	2,173	2,258	2,216	2,187
Services	1,404	1,614	1,792	1,831	1,837	1,719	1,802	1,655	1,692	1,842
Government	1,945	2,142	2,296	2,420	2,480	2,627	2,565	2,641	2,641	2,739
Federal	1,741	1,952	2,019	2,172	2,268	2,348	2,298	2,414	2,520	2,556
State	2,312	2,433	2,567	2,683	2,698	2,887	2,829	2,895	2,859	2,001
Local	1,847	2,071	2,295	2,397	2,464	2,617	2,539	2,615	2,567	2,757
Statewide	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310	2,479

Source: Alaska Department of Labor, Research & Analysis Section.

Dramatic Income Differences Exist Within The State

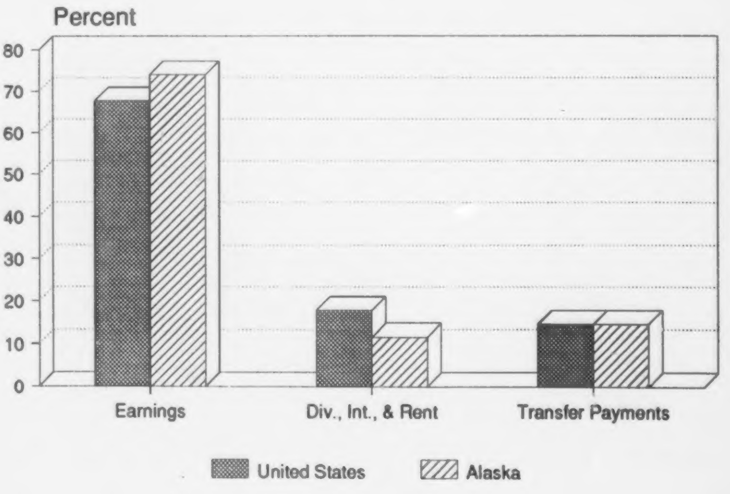
According to Table 3, the Haines Borough still tops the state's per capita income at $33,599; Wade Hampton Census Area is again on the bottom at just over one-quarter of the Haines Borough's per capita income.

Local area per capita income figures must be used with more caution than other personal income figures. Since the population component is key to an area's per capita income level, anomalies in an area's population can cause these figures to be misinterpreted. For example, an area's income can be affected by a large resident college population. Since college students' earnings are typically low, they would depress the local area per capita income.

Another reason that local area per capita income figures should be used with caution is that the data sources used to derive the income figures at the local area level are not always reliable. For example, BEA appears to be using a

Figure 3

Personal Income by Source — Alaska & U.S.



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 5

Alaska's Average Monthly Wage by Census Area
1980-1989

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Aleutian Islands Census Area	$1,549	$1,590	$1,702	$1,693	$1,769	$1,875	$1,892	$2,009	*	*
Aleutians East Borough	*	*	*	*	*	*	*	*	$2,008	$1,959
Aleutians West C.A.	*	*	*	*	*	*	*	*	2,140	2,133
Anchorage, Municipality of	1,921	2,075	2,208	2,289	2,327	2,346	2,385	2,363	2,378	2,495
Bethel Census Area	1,197	1,466	1,634	1,735	1,792	1,756	1,830	1,743	1,727	1,873
Bristol Bay Borough	1,695	2,045	1,989	1,904	2,099	1,860	1,960	2,013	1,970	2,297
Dillingham Census Area	1,637	1,764	1,849	2,150	1,862	1,858	1,863	1,828	1,850	1,925
Fairbanks North Star Borough	2,049	2,210	2,384	2,474	2,414	2,432	2,347	2,320	2,236	2,282
Haines Borough	1,256	1,539	1,728	1,897	2,008	2,089	2,237	2,360	2,373	2,794
Juneau Borough	1,873	2,093	2,195	2,283	2,267	2,295	2,320	2,341	2,339	2,355
Kenai Peninsula Borough	2,031	2,197	2,313	2,309	2,344	2,343	2,255	2,169	2,245	2,558
Ketchikan Gateway Borough	1,868	1,904	2,069	2,137	2,110	2,099	2,107	2,138	2,178	2,310
Kodiak Island Borough	1,534	1,636	1,878	2,003	1,857	1,968	1,620	1,757	1,807	2,373
Matanuska-Susitna Borough	1,585	1,745	1,926	1,918	2,036	1,725	1,976	1,974	1,968	2,063
Nome Census Area	1,481	1,648	1,898	1,933	1,980	1,970	1,988	2,022	2,024	2,200
North Slope Borough	3,800	4,415	4,778	4,849	4,911	4,681	4,341	4,079	4,053	4,225
Northwest Arctic Borough	1,576	1,717	1,729	1,986	2,020	1,951	1,914	1,958	2,122	2,275
Prince of Wales-Outer Ketchikan C.A.	1,866	1,851	1,955	2,124	2,091	1,937	2,039	1,954	2,089	2,293
Sitka Borough	1,838	2,062	2,140	2,082	2,088	2,000	2,009	2,040	2,045	2,097
Skagway-Yakutat-Angoon C.A.	1,435	1,623	1,832	2,055	1,703	1,759	1,786	1,746	1,807	2,138
Southeast Fairbanks Census Area	1,479	1,661	1,637	1,765	1,807	1,900	2,036	1,914	1,890	1,950
Valdez-Cordova Census Area	2,222	2,407	2,488	2,411	2,501	2,507	2,483	2,475	2,417	4,109
Wade Hampton Census Area	1,150	1,328	1,444	1,447	1,463	1,414	1,450	1,570	1,452	1,613
Wrangell-Petersburg Census Area	1,524	1,766	1,909	2,084	1,950	2,098	2,058	2,006	2,065	2,180
Yukon-Koyukuk Census Area	2,126	2,318	2,405	2,465	2,393	2,063	2,090	2,046	2,082	2,144
Statewide Average	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310	2,479

Source: Alaska Department of Labor, Research & Analysis Section.

* Aleutian Islands Census Area was separated into Aleutians East Borough and Aleutians West Census Area in 1988.

high population estimate for Juneau, which in turn deflates its per capita income figure. Using the state demographer's population estimates, per capita income in the Juneau Borough would increase to $24,911 versus BEA's $23,286. Another definition problem for Alaska is that subsistence activities are not accounted for in these income figures.

Although reliability is not this series' strength, these figures do make a point. They emphasize the urban/rural income dichotomy in the state. Alaska's urban areas generally enjoy much higher incomes than most of Alaska's rural areas. In rural areas there are far fewer employment opportunities and often little or no economic infrastructure exists from which to earn income. In Wade Hampton, for example, only 56% of total personal income comes from earnings while 40% comes from transfer payments. On the other hand, more than 70% of income in Fairbanks comes from earnings versus 16% from transfer payments.

There are, however, exceptions to this pattern. The Aleutian Islands, with its booming fishing industry, and the North Slope Borough, with its valuable oil resources, enjoy above average incomes. As long as these figures are used carefully, they can tell an economic story.

Household Income is Another Indicator

Average household income figures in Table 2 are calculated by multiplying per capita income figures by the state's average household size. Because Alaska's household size is higher than the national average, household income is also relatively higher.

Longer Hours, Higher Wages Boost Alaska's Average Monthly Wage

Alaska's average monthly wage also made some impressive gains in 1989. After five years of either declines or zero growth, Alaska's average monthly wage climbed 7.3% in 1989, reaching $2,479 — the highest it has ever been in nominal terms (but not in inflation-adjusted dollars). (See Table 4.) Since this statistic is arrived at by dividing the state's total payroll by the total number of jobs, a number of factors can contribute to a higher average monthly wage. Among the factors which influence average monthly wage are longer hours, higher wages, and changes in the occupation or industry mix of the workforce. A combination of longer hours worked and higher wages probably explains the 1989 increase in Alaska's average monthly wage.

Looking at the industry wage data confirms the broad-based nature of Alaska's economic recovery in 1989. The finance-insurance and real estate industry was the only industry that didn't register increased wages in 1989.

The peak performer was the transportation, communication and utilities industry with a whopping 26%, or $700 per month, increase in average monthly wages in 1989. Almost all of this increase, however, was a result of oil spill cleanup wages. Manufacturing also made some impressive gains because of a combination of overtime hours processing the 1989 fish catch and a healthy timber harvest.

Oil Industry Wages Remain Highest

As always, Alaska's mining industry (90% of which is the oil and gas industry) tops the industry average monthly wage list at $5,249. Construction follows at $3,503 with transportation, communication and utilities not far behind. On the bottom of the list is retail trade — an industry dominated by part-time employment and low wages. Caution must be exercised when making industry comparisons, particularly because many of these industries are very seasonal. For example, the average construction worker may earn a high average monthly wage but may only work part of the year.

Measuring Poverty Levels of Income in Alaska

While there is no comprehensive, ongoing measurement to determine what a poverty level of income is in Alaska, two measurements available from federal agencies are provided below to help determine what a poverty level income is in Alaska.

The poverty income guidelines shown below are used to determine eligibility of individuals and families for a number of federal and state programs. They are derived by adding 25% to the national criteria to take into account the higher cost of living in Alaska. Each year they are updated to reflect the change in the consumer price index.

There are no reliable figures for the number of Alaskans that presently meet this criteria. The last time Alaska's poverty population was determined was during the 1980 census. In 1992 results from the 1990 census should become available, and provide us with the first updated statistics on Alaska's poverty population in ten years.

The lower living standard income levels shown below are used to determine eligibility on the basis of economic disadvantage for Job Training Partnership Act (JTPA) and other job and training programs. They are also updated annually.

1990 Federal Poverty Income Guidelines

Family Size	Income Criteria for 100% of the LISIL
1	$7,840
2	11,310
3	15,530
4	19,170
5	22,630
6	26,460
7	30,290
8	34,120
For each additional family member add:	$3,810

Source: Federal Register Vol. 55, No. 72, April 13, 1990.

Lower Living Standard Income Levels

Family Size	Alaska	All other states Except Hawaii
1	$7,840	$6,280
2	10,520	8,420
3	13,200	10,560
4	15,880	12,700
5	18,560	14,840
6	21,240	16,980
7	23,920	19,120
8	26,600	21,260
For each additional family member add:	2,680	2,140

Source: Federal Register Vol. 55, No. 33, February 16, 1990.

Oil Spill Boosts Wages In The Gulf Coast Region

Average monthly wages improved in almost all of the state's boroughs and census areas. (See Table 5.) Not surprisingly, the Valdez-Cordova average monthly wage climbed the most, from $2,417 in 1988 to $4,109 in 1989. Average monthly wages in the Kodiak and the Kenai Peninsula boroughs, the two other areas heavily affected by the oil spill, also climbed substantially. Healthy increases were not limited to areas impacted by the oil spill. Bristol Bay, Anchorage, Haines and others also enjoyed significant increases.

Summary: Alaska's Income Picture Looks Good

Alaska's healthy economic recovery translated into a strong comeback in personal income. Alaska's personal income enjoyed its single largest jump in many years, increasing by more than $1 billion in 1989. Alaska's income growth went from being one of the most tepid in the nation to one of the most robust.

A well-rounded economic recovery was responsible for most of this growth, but the oil spill put the icing on the cake. Nearly a third of the increase is attributable to the oil spill. Even with little oil spill activity, Alaska's income picture looked good for the first half of 1990.

Alaska's per capita income improved along with total personal income. It reached a record $21,656 in 1989. Its rate of growth was the highest in the nation. In spite of this strong growth, Alaska is still far from reaching the top spot in the nation that it held for many years. And if the cost of living is taken into account, Alaska's income picture is not quite as rosy.

Along with income, Alaska's average monthly wage also surged in 1989, after five years of decline. Again, the strong economic recovery along with help from the oil spill are responsible. In the transportation industry the average monthly wage grew by 26%. All other industries save one also enjoyed advances, to a lesser extent.

The oil industry still pays the top average monthly wages in the state, followed by construction. Income and wage data is just another confirmation of the strong economic recovery Alaska is enjoying.

August Shows Signs of Seasonal Slowdown

by John Boucher

Alaska's statewide unemployment rate increased two-tenths of a percentage point in August, rising to 5.5%. The number of unemployed Alaskans in August was slightly less than 14,800, up a little more than 500 from July. (See Table 4.)

The August unemployment rate continued a recent pattern of monthly rates which have been above last year's rates, but well below usual levels of unemployment. (See Figure 1.) The August rise in the unemployment rate was relatively small, but it was a signal that Alaska's peak employment season is nearly over. Alaska's unemployment rate begins to increase after the end of the salmon-processing season, although the unemployment rate typically stays relatively low through September.

Corroborating the increase in the unemployment rate, wage and salary employment dropped slightly in August. What was unusual was that overall employment dropped despite the fact that every major industry category except manufacturing had more jobs in August than in July. (See Table 1.) While most industries gained jobs, they did so at relatively slow rates. Government employment was the largest gainer with 500 jobs, followed by retail trade which added 300 jobs.

About the author:

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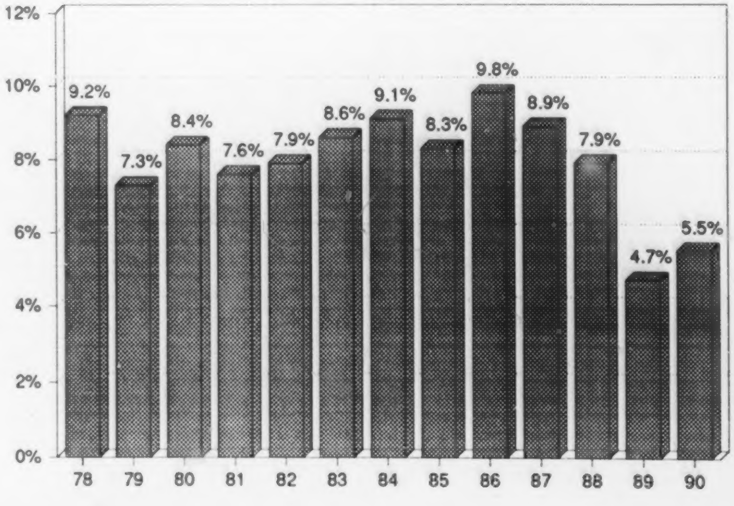
Seafood Processing Causes August Job Loss

Despite most industries realizing employment gains, the cumulative gain was not enough to offset the job loss in Alaska's seafood processing industry. More than 2,300 jobs were lost from July to August as seafood processors in Southwestern Alaska and the Gulf Coast region geared down from their peak salmon-processing season. Mid-June to mid-July is a crucial time for most of Alaska's salmon industry. By the middle of August, volume processed in many plants has dropped off and the need for labor has subsided. By mid-September, many plants have geared down substantially and are preparing for other species. In the extreme case, some plants have 350 employees processing millions of pounds of product in July and are reduced to a skeleton crew of caretakers by mid-September.

Figure 1

August Unemployment Rate 1978-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/	r/		Changes from:	
	8/90	7/90	8/89	7/90	8/89
Total Nonag. Wage & Salary	251,000	251,900	249,100	-900	1,900
Goods-producing	48,900	50,700	46,800	-1,800	2,100
Mining	11,900	11,700	10,600	200	1,300
Construction	13,400	13,200	12,700	200	700
Manufacturing	23,600	25,800	23,500	-2,200	100
Durable Goods	4,600	4,600	4,600	0	0
Lumber & Wood Products	3,600	3,600	3,600	0	0
Nondurable Goods	19,000	21,200	18,900	-2,200	100
Seafood Processing	15,100	17,400	15,100	-2,300	0
Pulp Mills	1,000	900	1,000	100	0
Service-producing	202,100	201,200	202,300	900	-200
Transportation	21,100	21,000	26,400	100	-5,300
Trucking & Warehousing	2,600	2,600	2,600	0	0
Water Transportation	1,400	1,400	1,900	0	-500
Air Transportation	7,000	7,000	6,800	0	200
Communications	3,300	3,300	3,200	0	100
Trade	48,900	48,700	47,300	200	1,600
Wholesale Trade	8,800	8,900	8,600	-100	200
Retail Trade	40,100	39,800	38,700	300	1,400
Gen. Merch. & Apparel	5,800	5,600	5,600	200	200
Food Stores	7,200	7,200	6,700	0	500
Eating & Drinking Places	14,500	14,500	14,300	0	200
Finance-Ins. & Real Estate	10,900	10,900	10,600	0	300
Services & Misc.	51,600	51,500	50,900	100	700
Hotels & Lodging Places	6,700	6,700	6,500	0	200
Government	69,600	69,100	67,100	500	2,500
Federal	19,200	19,600	19,000	-400	200
State	21,400	21,600	20,300	-200	1,100
Local	29,000	27,900	27,800	1,100	1,200

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Southeast An Exception To Seafood Employment Drop

There is an exception to the rule of a July peak in seafood processing employment. Southeast Alaska tends to experience its peak seafood employment a month later than the rest of the state. This August was no exception. While the rest of the state lost 2,600 salmon processing jobs, Southeast Alaska posted a job gain of 300. (See Table 2.)

The different regional employment patterns can be attributed to the timing of the region's largest runs. In most parts of Alaska, the fish tend to arrive at the fishing grounds during the mid-June to mid-July period. On the other hand, Southeast Alaska's pink salmon run tends to arrive at the fishing grounds in August. Consequently, the demand for processing labor in Southeast Alaska is at its peak during that month.

State and Federal Government Contribute to Employment Drop

While seafood processing employment had the biggest influence on the statewide employment picture, a few significant events in the government sector affected August's employment counts. State and federal government employment both dropped off as temporary employment surges related to special events subsided.

In state government, crews hired to fight fires during Alaska's worst fire season in recent memory were being laid off in August. State government employment would have dropped even further than 200 jobs had it not been for an employment surge at the University of Alaska.

Federal government employment dropped 400 during August. One of the key agencies in the August employment drop was the Census Bureau as some employees who had been doing follow-up work were laid off.

Local Government Surge Is Education-Related

August is typically a turnaround month for Alaska's local government employment as school districts prepare for the beginning of the new school year. It is no coincidence that in many areas of Alaska the beginning of a new school year shortly follows the end of the salmon-processing season. Many rural Alaskans pack up fish camps after the fishing season and relocate to the village where the school is located. In many fishing-dependent villages, school starts as early as the last week of August so that the school year can be completed prior to the beginning of the first fish runs in May.

Mixed News for Hard Rock Mining Industry

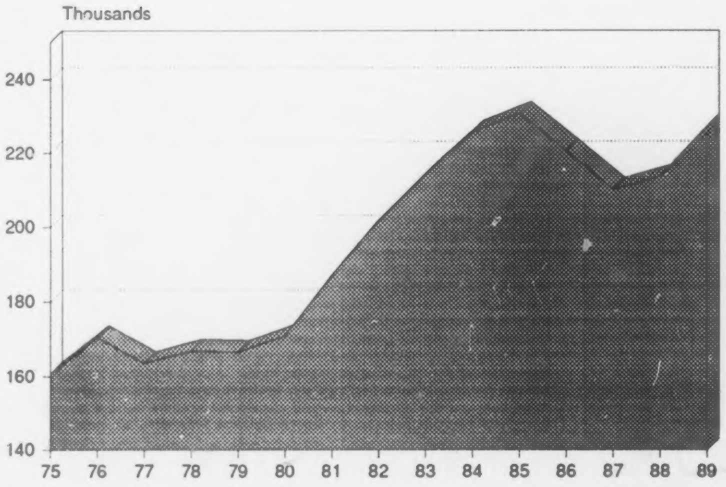
Alaska's hard rock mining industry received some good news and an employment boost when the Valdez Creek mine reopened in August. Previously, this mine was among the highest volume gold producers in the state and it was one of the largest private employers in the MatSu Borough. On the down side, the mining industry received some bad news when WestGold announced that the Bima gold dredge operation in Nome would be shut down at the end of this operating season.

The Mideast Crisis and Alaska

The invasion and subsequent takeover of Kuwait by Iraq on August 2nd had no instantaneous effect on Alaska's economy or August's employment numbers, but it certainly has ramifications for Alaska's immediate future and may dictate events in Alaska's economy for years to come.

Figure 2

Alaska Wage & Salary Employment 1975-1989 Annual Averages



Source: Alaska Department of Labor, Research and Analysis Section

A Budget Shortfall Averted

Probably the most publicized effect of the Mideast Crisis is that it has pushed the price of oil to previously unsurpassed highs, which in turn averted a looming fiscal crisis for state and local governments in Alaska. Prior to the crisis, some analysts projected that a state budget deficit as high as $900 million was possible. The consequences of such a shortfall could have been dramatic, depending on the direction policy makers chose to take to solve the dilemma. One possibility was cutbacks in employment in state government. Another likely result

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	8/90	7/90	8/89	7/90	8/89
Total Nonag. Wage & Salary	113,500	112,350	109,200	1,150	4,300
Goods-producing	13,600	13,350	12,650	250	950
Mining	3,800	3,850	3,550	-50	250
Construction	6,950	6,550	6,350	400	600
Manufacturing	2,850	2,950	2,750	-100	100
Service-producing	99,900	99,000	96,550	900	3,350
Transportation	11,050	11,050	11,000	0	50
Trucking & Warehousing	1,600	1,550	1,500	50	100
Water Transportation	250	300	400	-50	-150
Air Transportation	4,250	4,350	4,200	-100	50
Communications	1,950	1,900	1,850	50	100
Trade	27,250	26,900	25,950	350	1,300
Wholesale Trade	6,450	6,500	6,150	-50	300
Retail Trade	20,800	20,400	19,800	400	1,000
Gen. Merch. & Apparel	2,900	2,700	2,750	200	150
Food Stores	3,350	3,300	3,100	50	250
Eating & Drinking Places	8,100	8,000	8,000	100	100
Finance-Ins. & Real Estate	6,950	6,950	6,850	0	100
Services & Misc.	28,050	27,900	27,700	150	350
Hotels & Lodging Places	2,600	2,650	2,550	-50	50
Government	26,600	26,200	25,050	400	1,550
Federal	10,400	10,450	10,150	-50	250
State	7,400	7,250	6,750	150	650
Local	8,800	8,500	8,150	300	650

Fairbanks North Star Borough

	p/	r/		Changes from:	
	8/90	7/90	8/89	7/90	8/89
Total Nonag. Wage & Salary	29,150	29,050	28,600	100	550
Goods-producing	2,900	2,900	2,850	0	50
Mining	250	200	250	50	0
Construction	2,050	2,100	2,000	-50	50
Manufacturing	600	600	600	0	0
Service-producing	26,250	26,150	25,750	100	500
Transportation	2,250	2,200	2,200	50	50
Trucking & Warehousing	550	550	500	0	50
Air Transportation	400	400	400	0	0
Communications	200	200	250	0	-50
Trade	6,700	6,650	6,600	50	100
Wholesale Trade	800	800	800	0	0
Retail Trade	5,900	5,850	5,800	50	100
Gen. Merch. & Apparel	700	650	700	50	0
Food Stores	850	850	800	0	50
Eating & Drinking Places	2,450	2,400	2,400	50	50
Finance-Ins. & Real Estate	950	950	900	0	50
Services & Misc.	6,700	6,550	6,650	150	50
Government	9,650	9,800	9,400	-150	250
Federal	3,300	3,300	3,250	0	50
State	4,000	4,150	3,800	-150	200
Local	2,350	2,350	2,350	0	0

Anchorage-MatSu Region

	p/	r/		Changes from:	
	8/90	7/90	8/89	7/90	8/89
Total Nonag. Wage & Salary	120,600	119,600	116,400	1,000	4,200
Goods-producing	14,050	13,800	13,300	250	750
Mining	3,850	3,900	3,750	-50	100
Construction	7,250	6,800	6,650	450	600
Manufacturing	2,950	3,100	2,900	-150	50
Service-producing	106,550	105,800	103,100	750	3,450
Transportation	11,700	11,650	11,550	50	150
Trade	29,000	28,850	27,900	150	1,100
Finance-Ins. & Real Estate	7,400	7,350	7,300	50	100
Services & Misc.	29,600	29,450	29,100	150	500
Government	28,850	28,500	27,250	350	1,600
Federal	10,550	10,650	10,300	-100	250
State	8,150	8,000	7,550	150	600
Local	10,150	9,850	9,400	300	750

Interior Region

	p/	r/		Changes from:	
	8/90	7/90	8/89	7/90	8/89
Total Nonag. Wage & Salary	33,850	33,700	33,100	150	750
Goods-producing	3,250	3,250	3,100	0	150
Mining	400	400	350	0	50
Construction	2,200	2,250	2,100	-50	100
Manufacturing	650	600	650	50	0
Service-producing	30,600	30,450	30,000	150	600
Transportation	2,600	2,500	2,500	100	100
Trade	7,200	7,150	7,100	50	100
Finance-Ins. & Real Estate	1,000	1,000	1,000	0	0
Services	7,500	7,350	7,400	150	100
Government	12,300	12,450	12,000	-150	300
Federal	4,000	4,000	4,000	0	0
State	4,700	4,850	4,350	-150	350
Local	3,600	3,600	3,650	0	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Table 2 *(cont. from page 12)*

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		**Changes from:**	
	8/90	**7/90**	**8/89**	**7/90**	**8/89**
Total Nonag. Wage & Salary	37,300	36,800	36,400	500	900
Goods-producing	9,050	8,750	9,050	300	0
Mining	400	400	300	0	100
Construction	1,450	1,450	1,450	0	0
Manufacturing	7,200	6,900	7,300	300	-100
Durable Goods	3,150	3,200	3,350	-50	-200
Lumber & Wood Products	3,000	3,050	3,200	-50	-200
Nondurable Goods	4,050	3,700	3,950	350	100
Seafood Processing	2,900	2,600	2,800	300	100
Pulp Mills	950	900	950	50	0
Service-producing	28,250	28,050	27,350	200	900
Transportation	2,800	2,750	2,800	50	0
Trade	6,050	6,050	5,800	0	250
Wholesale Trade	700	700	650	0	50
Retail Trade	5,350	5,350	5,150	0	200
Finance-Ins. & Real Estate	1,150	1,150	1,100	0	50
Services & Misc.	5,750	5,700	5,700	50	50
Government	12,500	12,400	11,950	100	550
Federal	2,400	2,450	2,250	-50	150
State	5,600	5,750	5,450	-150	150
Local	4,500	4,200	4,250	300	250

Gulf Coast Region

	p/	r/		**Changes from:**	
	8/90	**7/90**	**8/89**	**7/90**	**8/89**
Total Nonag. Wage & Salary	26,850	27,800	31,850	-950	-5,000
Goods-producing	9,100	10,100	9,000	-1,000	100
Mining	950	850	900	100	50
Construction	1,300	1,350	1,300	-50	0
Manufacturing	6,850	7,900	6,800	-1,050	50
Seafood Processing	5,700	6,800	5,700	-1,100	0
Service-producing	17,750	17,700	22,850	50	-5,100
Transportation	1,950	2,000	7,200	-50	-5,250
Trade	4,350	4,400	4,400	-50	-50
Wholesale Trade	650	700	650	-50	0
Retail Trade	3,700	3,700	3,750	0	-50
Finance-Ins. & Real Estate	600	600	600	0	0
Services & Misc.	4,950	4,900	4,950	50	0
Government	5,900	5,800	5,700	100	200
Federal	700	700	600	0	100
State	1,950	1,900	1,950	50	0
Local	3,250	3,200	3,150	50	100

Northern Region

	p/	r/		**Changes from:**	
	8/90	**7/90**	**8/89**	**7/90**	**8/89**
Total Nonag. Wage & Salary	15,600	15,300	14,350	300	1,250
Goods-producing	7,000	6,950	6,150	50	850
Mining	6,200	6,150	5,300	50	900
Service-producing	8,600	8,350	8,200	250	400
Government	4,250	4,000	4,100	250	150
Federal	300	300	300	0	0
State	350	350	300	0	50
Local	3,600	3,350	3,500	250	100

Southwest Region

	p/	r/		**Changes from:**	
	8/90	**7/90**	**8/89**	**7/90**	**8/89**
Total Nonag. Wage & Salary	17,050	18,200	16,700	-1,150	350
Goods-producing	6,400	7,750	6,300	-1,350	100
Seafood Processing	5,800	7,100	5,750	-1,300	50
Service-producing	10,650	10,450	10,400	200	250
Government	5,650	5,450	5,500	200	150
Federal	1,350	1,350	1,350	0	0
State	550	550	550	0	0
Local	3,750	3,550	3,600	200	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

would have been a cut in monies available to municipalities and local school districts, which could have resulted in less local government employment. With the sudden and dramatic rise in oil prices, this is an unlikely scenario for at least the current fiscal year.

The Price of Higher Cost Oil

It is an almost undisputed fact of recent Alaskan economics that when oil prices have been high, Alaska has experienced some of its most dramatic periods of employment expansion. One only need look at the period from 1979 to 1985 to be reminded of what the results of prolonged higher oil prices were on Alaska's economy. (See Figure 2.) Yet not every Alaskan cheered the news of higher oil prices- and here's a short list of why they didn't.

✔ **A Higher Cost of Living** — The most apparent effect to nearly every Alaskan consumer is the adverse effect higher oil prices have on their pocketbook. Gasoline and heating oil are essentials in many areas of Alaska and the increased cost of these items will hit low income families particularly hard. The Alaska Department of Health and Social Service's Energy Assistance Program assists individuals who are having difficulty providing for their home energy needs. At this time the agency anticipates that there will be a significant increase in the number of applications for the program while the average grant will not purchase as much fuel as it has in the past.

✔ **A Higher Cost of Doing Business** — Individuals aren't alone when higher energy costs hit; businesses also share the burden. An operation in which energy costs are a significant portion of the cost of doing business is placed in a dilemma. They can hold their prices steady — which results in a quick deterioration of their profit margin — or they can pass on higher energy costs to customers and risk losing them. This dilemma is most apparent in Alaska's airline industry, where jet fuel costs are skyrocketing yet competitive pressures to keep prices low are persistent. Another example is Alaska's fishermen. They saw a more than 30% increase in the price of fuel in August, yet the price being paid for fish didn't change.

✔ **Recession Dangers** — Many Alaskan products, particularly fish and timber exports, have thrived during the past several years. Key to the success of these industries has been a healthy world market for these products. Higher oil prices act in much the same way a tax increase does — they reduce the amount of income available to consumers and businesses to spend on other products. This in turn slows down the production of those products, which can result in layoffs and a recession. A worldwide recession could reduce the demand for Alaskan products and result in employment losses in Alaska.

✔ **The Lifeboat Effect** — One possible result of a national recession is a dramatic increase in the rate of inmigration to Alaska similar to what happened in the early 1980s. Another period of rapid inmigration could easily swamp the ability of Alaska's economy to create jobs for the new residents. The result in this scenario would be higher unemployment and a much more competitive job market for workers.

ANWR and Other Oil Development Now More Likely?

Another result of the Mideast crisis is that national energy policy, and Alaska's role in that policy, has come to the fore. Since the Valdez oil spill, the issue of development of the Arctic National Wildlife Refuge (ANWR) has been on the back burner. The current situation has underlined national dependence upon foreign sources for oil. Whether or not this will result in ANWR being placed on a fast track is a matter for debate, but evaluation of the pros and cons of development are now back in the debate forum. The same might be said for oil industry investment in production enhancement projects which looked marginal only a few months ago.

Summary — August Employment Normal; Crisis Deals A Wild Card

August employment and unemployment numbers indicated that Alaska's economy was continuing down a path of slower yet continued growth. Expected seasonal fluctuations, especially in the seafood processing industry, indicated that the summer employment peak had been reached. For the next six months Alaskans can expect the number of jobs available to shrink and unemployment rates to rise.

The Iraqi invasion and subsequent occupation of Kuwait dealt the state's economic future a wild card. Oil prices have risen dramatically, resulting in a more stable outlook for Alaska's public sector but an uncertain future for consumers and many portions of the private sector.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 8/90	r/ 7/90	8/89	p/ 8/90	r/ 7/90	8/89	p/ 8/90	r/ 7/90	8/89
Mining	$1,120.59	$1,147.70	$1,073.96	49.3	49.3	49.4	$22.73	$23.28	$21.74
Construction	1,206.35	1,186.33	1,112.98	49.4	48.7	47.2	24.42	24.36	23.58
Manufacturing	638.81	566.78	601.16	55.5	51.2	53.2	11.51	11.07	11.30
Seafood Processing	580.51	505.55	532.02	61.3	55.8	58.4	9.47	9.06	9.11
Trans., Comm. & Utilities	606.20	633.36	898.05	35.0	36.4	51.2	17.32	17.40	17.54
Trade	408.38	425.46	395.16	36.3	36.9	35.6	11.25	11.53	11.10
Wholesale	548.00	586.26	522.06	40.0	40.6	38.5	13.70	14.44	13.56
Retail	359.80	368.14	351.88	35.0	35.5	34.6	10.28	10.37	10.17
Finance-Ins. & R.E	384.54	395.30	403.82	34.0	36.5	35.8	11.31	10.83	11.28

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Table 4

Labor Force By Region and Census Area

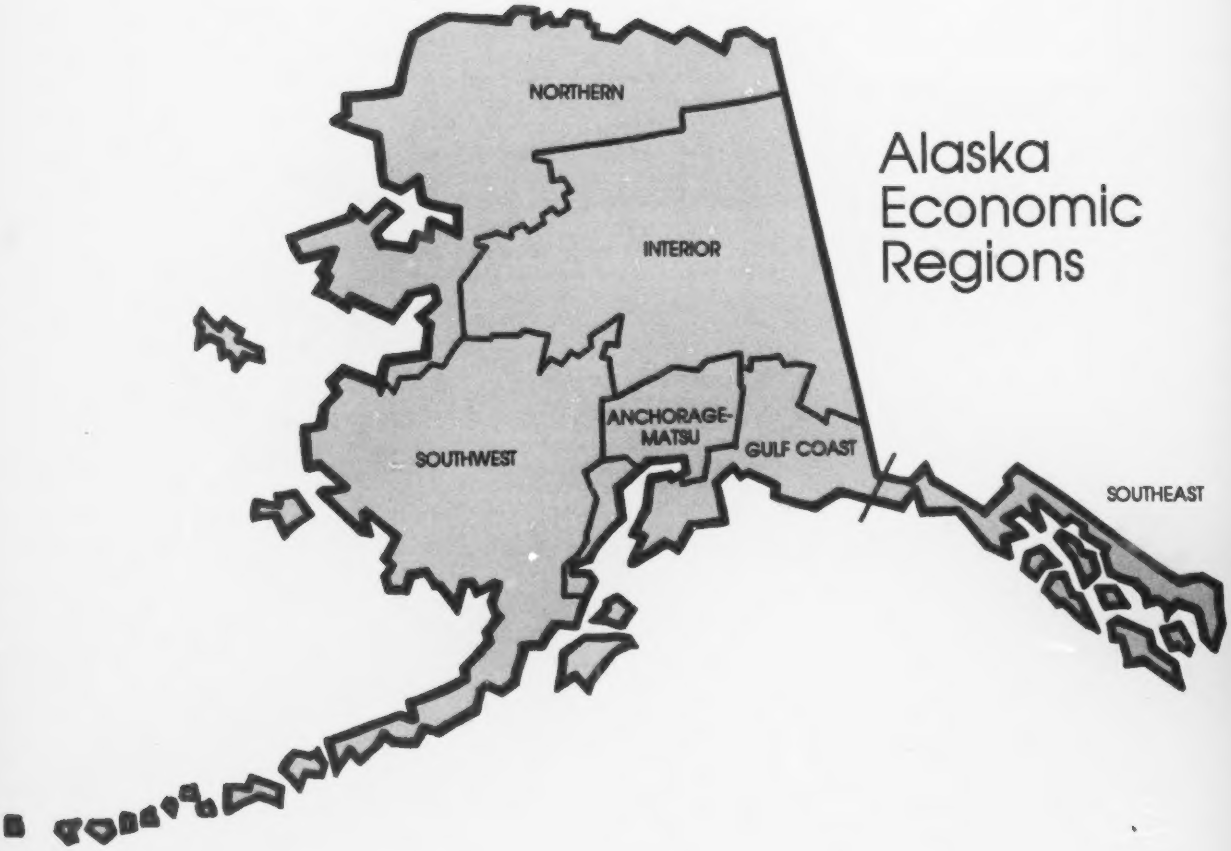
	Labor Force			Unemployment			Rate			Employment		
	p/ 8/90	r/ 7/90	8/89	p/ 8/90	r/ 7/90	8/89	p/ 8/90	r/ 7/90	8/89	p/ 8/90	r/ 7/90	8/89
Alaska Statewide	266,657	270,279	262,618	14,780	14,245	12,382	5.5	5.3	4.7	251,877	256,034	250,236
Anch.-MatSu Region	133,841	134,565	128,366	7,133	6,624	5,827	5.3	4.9	4.5	126,708	127,941	122,539
Anchorage Borough	119,122	119,208	113,549	5,508	5,072	4,561	4.6	4.3	4.0	113,614	114,136	108,988
MatSu Borough	14,719	15,357	14,817	1,625	1,552	1,266	11.0	10.1	8.5	13,094	13,805	13,551
Gulf Coast Region	33,138	34,697	37,737	2,160	2,080	1,395	6.5	6.0	3.7	30,978	32,617	36,342
Kenai Peninsula Borough	20,555	21,427	23,383	1,574	1,442	1,115	7.7	6.7	4.8	18,981	19,985	22,268
Kodiak Island Borough	7,485	7,904	8,610	253	289	125	3.4	3.7	1.5	7,232	7,615	8,485
Valdez-Cordova	5,098	5,366	5,744	333	349	155	6.5	6.5	2.7	4,765	5,017	5,589
Interior Region	37,849	38,198	36,607	2,611	2,576	2,277	6.9	6.7	6.2	35,238	35,622	34,330
Fairbanks North Star Bor.	32,875	33,117	31,716	2,321	2,230	1,949	7.1	6.7	6.1	30,554	30,887	29,767
Southeast Fairbanks	2,064	2,074	1,980	111	100	78	5.4	4.8	3.9	1,953	1,974	1,902
Yukon-Koyukuk	2,910	3,007	2,911	179	246	250	6.2	8.2	8.6	2,731	2,761	2,661
Northern Region	8,583	8,546	7,964	620	701	563	7.2	8.2	7.1	7,963	7,845	7,401
Nome	3,158	3,134	2,970	245	264	262	7.8	8.4	8.8	2,913	2,870	2,708
North Slope Borough	3,098	3,080	2,933	86	113	134	2.8	3.7	4.6	3,012	2,967	2,799
Northwest Arctic Borough	2,327	2,332	2,061	289	324	167	12.4	13.9	8.1	2,038	2,008	1,894
Southeast Region	39,212	39,381	38,229	1,680	1,752	1,775	4.3	4.4	4.6	37,532	37,629	36,454
Haines Borough	943	939	910	51	44	43	5.4	4.7	4.7	892	895	867
Juneau Borough	17,708	17,691	17,237	734	674	751	4.1	3.8	4.4	16,974	17,017	16,486
Ketchikan Gateway Bor.	7,290	7,330	7,096	335	357	341	4.6	4.9	4.8	6,955	6,973	6,755
Pr. of Wales-Outer Ketch.	2,904	2,970	2,867	136	195	179	4.7	6.6	6.2	2,768	2,775	2,688
Sitka Borough	4,596	4,624	4,465	175	192	171	3.8	4.2	3.8	4,421	4,432	4,294
Skagway-Yakutat-Angoon	1,841	1,874	1,793	113	141	114	6.1	7.5	6.4	1,728	1,733	1,679
Wrangell-Petersburg	3,930	3,953	3,861	136	149	176	3.5	3.8	4.6	3,794	3,804	3,685
Southwest Region	14,034	14,892	13,715	576	512	545	4.1	3.4	4.0	13,458	14,380	13,170
Aleutians East Borough	991	1,059	973	6	6	9	0.6	0.6	0.9	985	1,053	964
Aleutians West	2,789	2,972	2,733	29	23	32	1.0	0.8	1.2	2,760	2,949	2,701
Bethel	5,394	5,716	5,278	293	265	286	5.4	4.6	5.4	5,101	5,451	4,992
Bristol Bay Borough	536	566	514	16	10	5	3.0	1.8	1.0	520	556	509
Dillingham	2,506	2,658	2,459	69	54	74	2.8	2.0	3.0	2,437	2,604	2,385
Wade Hampton	1,818	1,921	1,758	163	154	139	9.0	8.0	7.9	1,655	1,767	1,619

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions


NORTHERN
INTERIOR
SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

ALASKA ECONOMIC TRENDS

REGISTERS RING FOR AK.'S RETAILERS

SEASONAL SLOWDOWN CONTINUES

December 1990

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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December 1990
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Number 12

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Cover design by Jim Fowler

MADE IN ALASKA

Registers Ring for Alaska's Retailers

by Neal Fried and Holly Stinson

About the authors:

Neal Fried and Holly Stinson are labor economists with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. They are based in Anchorage.

Unlike elsewhere in the country, cash registers in Alaska are expected to ring louder this Christmas season than they have in a long time. Christmas is a critical season for many retailers. For some—such as jewelers, toy stores, and art dealers — the Christmas season can account for more than 50% of their annual sales.

Even Without Christmas, Alaska's Retailers Are Doing Well

While many retailers' peak sales occur during Christmas, others find Christmas to be the slowest time of year. Auto dealers, souvenir sellers, and building suppliers are included in this group. Instead of buying cars, consumers are buying Christmas gifts; tourists are few and far between, and home construction is in the deep freeze. Even without the benefit of the Christmas frenzy, the past two years have been good ones for most Alaskan retailers.

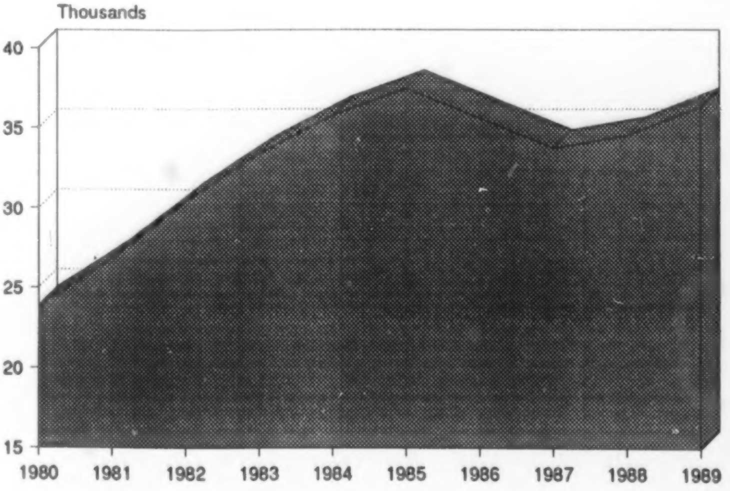
Retail Trade Defined

Retail trade includes any business that sells merchandise for personal or household consumption. There are a few exceptions, such as building supply stores, where most sales may be to contractors. The industry can further be broken down into the eight categories in Figure 2. Some of these classifications are clear. For example, bars and restaurants make up the eating and drinking category. Other categories are not quite as obvious. The miscellaneous retail category is dominated by retailers selling specialized items such as books, jewelry, souvenirs, flowers, pets, and sporting goods.

The firms classified in an industry group do not necessarily account for all sales in a particular merchandise category. For example, not all restaurant and bar activity is captured under the eating and drinking group because some bars and restaurants

Figure 1

Retail Trade Employment 1980-1989



Source: Alaska Department of Labor, Research & Analysis.

Table 1

Per Capita Sales by State for 1987

	Sales (in thousands)	Population (in thousands)	Per Capita Sales	Rank
Alabama	$21,260,901	4,084	$5,206	40
ALASKA	3,606,187	524	6,882	12
Arizona	21,778,355	3,400	6,405	17
Arkansas	11,631,735	2,388	4,871	47
California	179,801,438	27,653	6,502	14
Colorado	20,688,591	3,293	6,283	19
Connecticut	25,101,778	3,212	7,815	2
Delaware	4,975,670	648	7,679	3
Florida	87,925,609	12,022	7,314	7
Georgia	39,994,882	6,227	6,[illegible]23	16
Hawaii	8,084,416	1,082	7,472	5
Idaho	4,891,007	1,000	4,891	46
Illinois	68,263,937	11,584	5,893	27
Indiana	33,097,064	5,530	5,985	24
Iowa	15,081,608	2,823	5,342	37
Kansas	13,396,598	2,475	5,413	35
Kentucky	18,939,911	3,723	5,087	43
Louisiana	21,627,111	4,448	4,862	48
Maine	8,651,022	1,186	7,294	8
Maryland	32,009,372	4,536	7,057	11
Massachusetts	44,818,481	5,856	7,653	4
Michigan	56,697,319	9,205	6,159	21
Minnesota	27,279,799	4,244	6,428	15
Mississippi	11,357,667	2,624	4,328	50
Missouri	30,175,565	5,107	5,909	26
Montana	4,344,392	809	5,370	36
Nebraska	8,486,334	1,594	5,324	38
Nevada	7,320,982	1,006	7,277	9
New Hampshire	9,961,260	1,056	9,433	1
New Jersey	54,778,648	7,674	7,138	10
New Mexico	7,919,592	1,496	5,294	39
New York	103,212,226	17,835	5,787	31
North Carolina	39,051,791	6,409	6,093	22
North Dakota	3,729,644	671	5,558	33
Ohio	63,190,793	10,816	5,842	29
Oklahoma	16,073,548	3,259	4,932	45
Oregon	16,821,047	2,723	6,177	20
Pennsylvania	71,216,605	11,942	5,964	25
Rhode Island	6,314,662	986	6,404	18
South Carolina	18,949,588	3,426	5,531	34
South Dakota	3,683,364	709	5,195	41
Tennessee	28,532,933	4,855	5,877	28
Texas	97,175,804	16,781	5,791	30
Utah	8,378,777	1,680	4,987	44
Vermont	4,043,351	547	7,392	6
Virginia	38,960,210	5,914	6,588	13
Washington	27,249,801	4,542	6,000	23
West Virginia	9,029,979	1,898	4,758	49
Wisconsin	27,802,534	4,807	5,784	32
Wyoming	2,521,899	490	5,147	42
United States	1,493,308,759	243,419	6,135	

Source: U.S. Department of Commerce, Bureau of the Census.

are part of hotel and lodging operations. Grocery stores are in the food store category but they carry an increasing number of nonfood items as well. Despite the crossover between classifications, a look at this industry by category can provide insight into the different facets of retail trade.

It Was A Good Decade For Retail Trade

Because there are no reliable annual sales data for Alaska (due to lack of a sales tax in most areas of the state) employment is the next best measure for the retail industry. According to employment figures, the past decade was good to Alaskan retailers. Their employment grew by 50+% versus 35% growth for all industries.

Retail trade was not immune from the effects of the 1986-88 recession. However, employment in this sector did not fall as dramatically as in the rest of the economy. In 1988 employment in retail trade began to turn the corner. (See Figure 1.) Retailers enjoyed an exceptionally strong year in 1989 and continued to enjoy growth in 1990.

The timing is not surprising since it coincides with the recovery in the economy — overall employment and income also began to grow in late 1988. More jobs and higher income meant people began to buy more. By 1990, retail trade completely recovered the employment lost during the state's recession.

Alaska Is A Good Place For Retailers

All available statistics indicate that Alaska is a healthy market for retailers. Alaska ranks 12th in the country on a per capita sales basis. (See Table 1.)[1] Part of the explanation for Alaska's high ranking is the higher prices paid for goods in Alaska. However, these statistics were compiled during the depth of Alaska's recent recession — not a very healthy period for retail sales. Also, retail purchases made at Alaska's military post exchanges and commissaries are not included in Table 1. For federal fiscal year 1989, these military purchases amounted to more than $170 million.

While high prices are a factor in Alaska's lofty rank in per capita sales, the type of goods Alaskans purchase also influenced the rankings. In interviews conducted for this article, retailers said that Alaskans spend more money and buy better quality goods than shoppers elsewhere. The main reason for this is that Alaskans have more disposable income and therefore more purchasing power than residents of many states. Alaska's high disposable income is a result of two factors. Alaska's per capita income in 1989 was 23% above the national average. Also, Alaskans enjoy a lower than average tax burden.

Other statistics confirm that Alaskans have above average purchasing power. According to Sales & Marketing magazine's annual Survey of Buying Power, Alaska's median household effective buying income (EBI) was $32,678 in 1989. This was 26% above the national average, and the fourth highest EBI in the nation. Anchorage, which is responsible for 54% of the state's retail sales, ranked 8th in retail sales per household in the nation out of more than 250 metropolitan areas.

In addition to above average income, demographics contribute to the favorable retail climate in Alaska. Alaska's population is younger on average than the nation's. A younger population tends to consume more and save less than an older population because they are busy establishing new households and families.

Tourism Provides A Boost To Retail Trade

In addition to the benefits of higher incomes and a young population, Alaska's retail trade industry is the principal beneficiary of the Alaskan tourism industry. According to a 1982 Department of Labor study, 29% of the state's retail trade jobs were attributed to visitor activity. Eating and drinking places were the biggest winners but general merchandisers and miscellaneous retailers also benefit from Alaska's visitors.

The General Merchandiser Has Something For Everyone

One group of stores that fills up with customers during the Christmas rush is Alaska's general merchandisers. This may be because they have something for everyone — boots for the wife, a computer for the eldest daughter, a doll for the baby and a tie for the husband. Although their Christmas sales don't account for 50% of their annual business, it is their most lucrative season.

Alaskans spend more money and buy better quality goods than shoppers elsewhere.

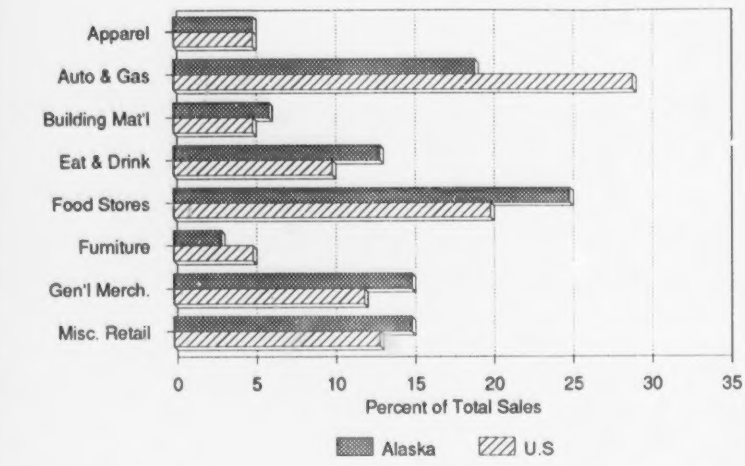
Seven out of Alaska's largest 100 employers are general merchandisers, including Sears, Nordstrom and J.C. Penney. There are also a large number of medium-sized and small operators. General merchandisers account for 11% of all retail sales. The average sales per store is $4.2 million, which represents the highest per store sales in the industry.

As a group, general merchandisers have done relatively well over the past decade. Employment grew steadily in the 1983-85 boom. (See Table 2.) During this time there was new entry into the market, such as Fred Meyer's new stores in Anchorage, Fairbanks and Juneau. Beginning in 1986, however, sales began to slump. Most operations cut the size of their staffs. Some closed permanently, like the Montgomery Wards store in Anchorage. A host of other smaller operations also shut their doors permanently.

In 1988 the markets began to return and by 1989 employment reached a new record high. Fred Meyer started building a second store in Fairbanks this fall and rumors are widespread that other merchants are planning to enter the Alaskan market.

Figure 2

Retail Sales by Category — Alaska and U.S., 1987



Source: Alaska Department of Labor, Research & Analysis.

Alaskans rely on mail order business more than other Americans.

Apparel Stores Sell Specialized Items

One of retail's smallest categories is the apparel and accessory group. Lamonts, Alaska's largest apparel store, is an anomaly because most apparel stores are small independents. They usually offer a specialized line of clothing such as children's, western wear, or lingerie. Average sales per store were only $193,111 in 1987. Although Alaskans spend nearly 7% of their consumer dollar on clothing, apparel stores must share their market with general merchandisers, catalog operations and sporting goods stores which also sell apparel.

Miscellaneous Retailers Are Everywhere

Miscellaneous retailers are characterized by small independent stores, although some chain operations are also included in this category. Miscellaneous retail stores are found in strip malls, nestled between anchor stores in large malls, or standing alone as store fronts in most of Alaska's communities. Also included in miscellaneous retail are fuel dealers and mail order businesses.

Gift and souvenir shops have the largest number of operations in the miscellaneous group. According to the Bureau of the Census, $35.5 million worth of gifts and souvenirs were sold in Alaska in 1987, or $229,000 per establishment. Another retailer in the miscellaneous category, sporting goods stores, has impressive per capita sales statistics. Alaskans spent $91 per person on sporting goods while the average for the U.S. was $41 per person.

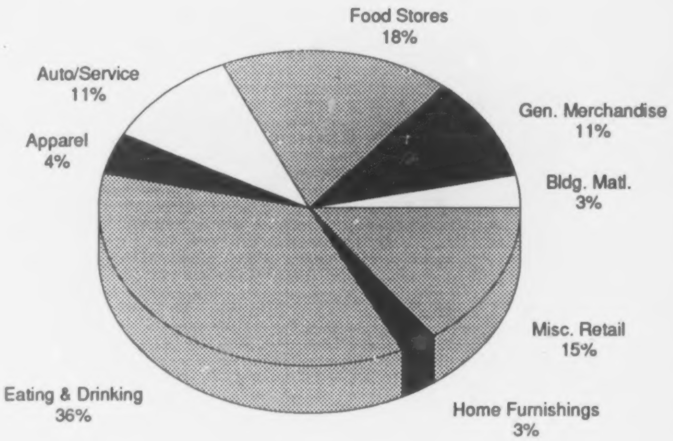
Mail Order Is A Big Business In Alaska

If the mail order portion of miscellaneous retail sales was adequately captured in the statistics, it would end up being a big slice of Alaska's retail pie. However, mail order sales statistics are elusive for two reasons. One is that orders placed with firms in other states show up as sales in those states, not Alaska. The second is that there are many retailers in Alaska, besides those who are set up primarily as mail order houses, who also do mail order business. Their mail order statistics are captured in their particular retail category, such as food stores or general merchandise. Their mail order sales are not included in the retail category for mail order businesses.

Alaskans order merchandise both from the Lower 48 and within the state. Many Anchorage retailers routinely ship goods to rural parts of the state. Although not captured in the statistics, there is little doubt, after talking to retailers, that Alaskans rely on mail order business more than other Americans.

Figure 3

Retail Trade Employment by Category, 1989



Source: Alaska Department of Labor, Research & Analysis.

Building Material Suppliers Are Tied to Construction Industry

So far, we've examined those retail businesses which see their peak season at Christmas. Other sectors of retail trade don't see a big sales boost during the Christmas season — in fact for some retailers sales slow down at this time of year. One such category is building materials and garden supplies. For them, summer is the big sales season. While mobile home dealers are also included in this category, more than three-fourths of the sales are for building supplies.

Employment in this sector followed the roller coaster ride that the construction industry was on. As construction projects mushroomed in the early 1980s, so did jobs supplying building materials. Employment more than doubled from 1980 to 1985, and then fell during the recession. As sales to contractors, once the bread and butter of the business, dried up, merchants focused more on retail sales to survive. The spring of 1989 saw a resurgence of building activity, and an increase in jobs. Construction is expanding in 1990 over last year, both on the commercial and residential side. Like construction employment, jobs supplying the construction industry are growing but are still a long way from their 1985 peak.

Automobile Businesses Indicate Good Economic Times

Another retail group that was hard-hit during the recession is automobile dealers and service stations. When hard times occur, limping along with an aging car instead of replacing it with a newer model is one of the first economic decisions a consumer makes. Car dealers are quick to notice a downturn in the economy; they are also among the first to note a recovery. While retail trade employment grew 5.2% from 1988 to 1989, jobs with auto dealers and service stations grew 11.5%. Employment growth has continued at a healthy rate into 1990 throughout the state.

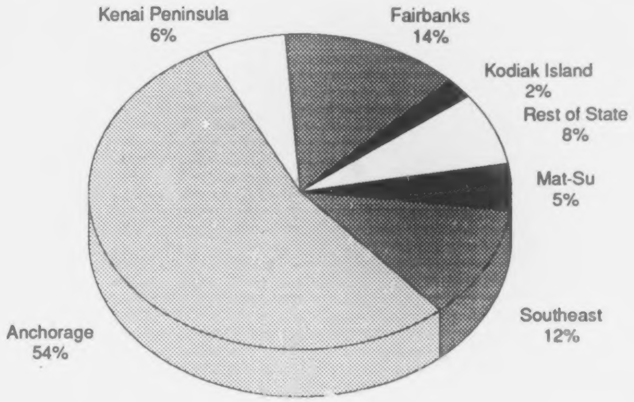
Not all of the local car dealers' business is a commentary on local economics—factory rebates and various financing packages can entice buyers even in bad times. The cost and time involved in transporting vehicles to Alaska is a factor that makes the Alaskan market different. Another factor is the climate — a cold environment is hard on automobiles. This, coupled with the desire for reliability in bad weather, explains why Alaskans tend to upgrade their vehicles sooner than in many other places.

This category is a much smaller part of the retail industry in Alaska, where it makes up 19% of total retail sales, than the U.S. as a whole. Nationwide, car dealers and service stations account for 29% of total retail sales. (See Figure 2.) Some of this differ-

Car dealers are quick to notice a downturn in the economy and among the first to note a recovery.

Figure 4

Retail Sales in 1987 by Geographical Location



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

ence can be explained by the fact that rural Alaskans often rely on all-terrain vehicles or the local taxi instead of owning a car. Alaska's limited road system is also a factor in this difference, along with the number of car purchases Alaskans make out of state.

Even when times are tough people find the money to go out.

Anchorage Dominates The Market For Home Furnishings

Home furnishings garners the lowest total sales of all retail categories (3%). Furniture, draperies, floor coverings and appliances are found in this group. Most of the merchandise in this category carries high price tags and households purchase these items infrequently. Total sales of these items are masked by the fact that general merchandise stores also carry some of these items. Because of the inventory in this category (expensive and bulky), Anchorage dominates this market more so than any other retail sector. About two-thirds of the state's jobs and sales for furniture and other home furnishings are in Anchorage.

Eating & Drinking Establishments Have Largest Share of Retail Jobs

Some of the lowest-priced retail goods are sold in Alaska's eating and drinking businesses. Only 13% of the retail dollars spent in the state go to establishments in this group. However, the eating and drinking sector has the largest share of the employment pie at 36%. (See Figure 3.) This translated into almost 13,000 jobs in 1989. There are additional jobs in this sector which are counted in the services industry as hotel employment.

This industry did not lose much employment during the last recession. Employment almost doubled from 1980 to 1985, then fell only slightly in 1986 and 1987 before recovering. Even when times are tough people find the money to go out. Also, the nationwide trend of eating meals away from home continues to grow.

Wages for all retail employment are lower, on average, than any other industry in Alaska, and people employed in restaurants and bars are paid the lowest average monthly wage within the industry. One reason wages are low is that many jobs in this category are structured to rely on customer gratuities as part of earnings. (Tips aren't included in average monthly wage figures.) Another is that part-time employment is more common in eating and drinking establishments than other retail businesses or in other industries. This tends to lower the average monthly wage.

Even so, employment as a waiter or waitress pays among the lowest of any occupation. This occupation had the second lowest average hourly wage in the Alaska Dept. of Labor's 1990 wage rate survey. (Tips excluded.) Some other occupations in eating and drinking did not fare much better. Short order cooks and dishwashers also have low hourly wages, and theirs are not usually bolstered by tips.

One of Every Four Retail Dollars Is Spent At Food Stores

While Alaskans as a group spend fewer dollars in the auto and service station category, they spend proportionately more at the grocery store than other Americans. (See Figure 2.) Higher prices to cover the cost of freighting grocery items to the state explains some of this disparity.

It is also possible that more nonfood items are carried by Alaska's grocery stores than elsewhere. Today, there are grocers in Alaska that are also major general merchandisers and serve up a variety of prepared foods. As more families have two wage earners, the trend continues to more convenience and prepared foods. Grocery stores are now competing with fast food and other types of restaurants.

Food stores enjoy the largest share of retail sales in Alaska. In 1987, one out of every four retail dollars was spent at these businesses. The purchase of other retail goods might be postponed, but many of the items carried by food stores are necessities.

Two grocery chains, Carr's Quality Centers and Safeway, are among Alaska's 100 largest employers. Another retailer in the Top 100 list, Alaska Commercial Company, sells groceries and general merchandise in several rural locations. They also have the distinction of being Alaska's oldest retailer, with origins dating back to 1867 when Alaska was purchased from Russia.

Over Half of Sales Take Place In Anchorage

More than half of Alaska's retail sales transactions in 1987 took place in Anchorage. The fact that rural residents buy goods in Anchorage explains why a city with 42% of the state's population accounts for 54% of retail sales. (See Figure 4.) Not only off-road Alaskans buy in Anchorage; depending on the product

Anchorage, with 42% of the state's population, accounts for 54% of retail sales.

Table 2

Retail Trade Employment 1980-1989

Category	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
TOTAL	23,868	26,867	30,436	33,393	35,773	37,453	35,580	33,716	34,508	36,312
Building Materials & Garden Supplies	1,034	1,290	1,647	1,879	2,043	2,259	1,458	1,138	1,123	1,243
General Merchandise Stores	3,257	3,149	3,069	3,217	3,564	3,813	3,757	3,421	3,553	3,883
Food Stores	3,711	4,341	4,955	5,315	5,729	6,028	5,842	5,848	6,160	6,415
Automotive Dealers & Service Stations	2,466	2,738	3,037	3,445	3,685	3,800	3,539	3,344	3,421	3,815
Apparel & Accessory Stores	1,093	1,177	1,430	1,450	1,486	1,529	1,426	1,469	1,487	1,532
Furniture & Homefurnishings Stores	641	798	1,000	1,338	1,519	1,394	1,219	975	945	1,017
Eating & Drinking Places	7,991	9,349	10,879	11,929	12,756	13,443	13,183	12,440	12,629	12,991
Miscellaneous Retail	3,675	4,025	4,419	4,820	4,991	5,187	5,156	5,081	5,190	5,416

Source: Alaska Dept. of Labor, Research & Analysis Section and the price, residents connected by road may drive to Anchorage to make a purchase.

Other than this Anchorage/rural anomaly, other Alaska locations share about the same proportion of population, sales, and retail jobs. What can't be measured are the retail dollars spent outside Alaska, mostly through catalog sales. Also, in-person purchases are made when Alaskans travel out of state. High prices in many retail categories make these options attractive if transportation of the purchase is feasible.

Alaska is a good place for retailers to prosper.

Retail Trade Jobs Growing Faster Here Than U.S.

Alaska's proportion of the work force dedicated to retail trade is similar to that of the U.S. (16% vs. 17%). However, over the past decade, Alaska's retail employment has grown considerably faster than the nation's (52% versus 30%). On an annual average basis, Alaska had over 36,000 retail jobs in 1989.

Retail trade has the dubious distinction of having the lowest annual average monthly wage of any industry in Alaska. However, some sectors of retail trade enjoy higher wages. For example, automobile dealers and service stations had average monthly wages of $2,066 in 1989, several hundred dollars more than any other retail category.

One reason for low average monthly wages is the fact that many people in retail trade work part-time. Average hours worked each week is lowest in this industry. Almost every type of retail outlet employs part-time workers in addition to full-time wage earners. Students put in time after school at fast food restaurants, gas stations and retail stores; parents juggle child-rearing with part-time retail jobs. As fast food outlets proliferate, more and more elderly people are coming out of retirement to work in these and other retail jobs.

Summary: Alaska Is A Healthy Market for Retailers

Alaska's retail trade industry — defined as those businesses selling merchandise for personal or household consumption — grew 50% in the 1980s. More than half of the state's retail sales are made in Anchorage even though it is home to only 42% of the state's population.

The retailing industry can be generally segmented along product lines, although distinctions between retailers can become blurred. Alaskan retailers offer customers a variety of choices, ranging from general merchandisers who have "something for everyone" to corner specialty stores that fill a particular market niche.

Eating and drinking establishments employ the most people in the industry. While purchases at food stores account for one of every four retail dollars spent. Mail order is also big business in the state, although statistics to support this claim are elusive.

Alaska is a good place for retailers to prosper. Alaskans have more to spend because their disposable income tends to be higher than the average American consumer. Alaska's population is also younger than average, and young people tend to consume more. The state's tourism industry provides another boost to retail business.

The Christmas season can account for more than half of some retailers' annual sales. Many businesses selling general merchandise, apparel, and other specialty items fall in this group. Unlike the rest of the country, Alaska's holiday sales are expected to top those of the last two years.

Presently the retail industry is in healthy shape. Confirmation of this are plans of new retailers entering the market to offer new products and competition, and to coax more dollars out of our pockets.

Notes

1. The information in Table 1 is from the U.S. Dept. of Commerce, Bureau of the Census. They publish a census of retail trade every five years for each state and for the U.S. The sales and employment data is given by kind of business and by borough or census area. The publication contains the most comprehensive data that exists for Alaska's retail trade industry.

September Continues Seasonal Slowdown

by Brian N. Rae

September is a slowdown month for the Alaska economy. Employment normally falls, unemployment rises, and most of the state's seasonal industries begin preparing for their winter shutdown. While all these things occurred in September of 1990, many other developments made the Alaska economy anything but predictable.

The unemployment rate did rise - from 5.5% in August to 6.4% in September. (See Table 4.) This was not unexpected, but is still unusually low for this time of year. Last September, the final month of significant oil spill cleanup employment in 1989, the unemployment rate stood at 6.3%. The statewide rate, however, does not tell the whole story. The Gulf Coast region now has a much higher unemployment rate than last year, the only region to increase. Most other regions showed appreciable declines in their unemployment rates over the past 12 months.

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In conjunction with the unusually low unemployment rate, employment for September was the highest it has been for that month since 1985, Alaska's peak employment year. (See Table 1 and Table 2.) Still, fitting with the season, this September's total nonagricultural wage and salary employment declined by 5,300 jobs when compared to August.

September is a slowdown month for the Alaska economy.

Employment growth occurred in all industries with the exception of transportation, where last year's oil clean-up workers were tallied. Soon, fortunately, this caveat about oil spill employment will no longer be necessary. Although workers were employed on the clean-up throughout last winter, September of 1989 was the last month with any appreciable clean-up employment. Beginning with next month's employment counts, it will become simpler to judge the annual growth in Alaska's economy because year ago counts will no longer include a mass of clean-up workers.

Alaska's Destiny Affected By Outside Factors

National and international factors have had an effect at the state level, although their full impact might not be felt for several months or years. The U.S. budget deficit, and the difficulty in reaching an agreement on how to control it, will probably have a negative effect on the state.

On a per capita basis, Alaska receives the highest level of federal funding of all the states. (Only Washington, D.C. receives a higher level of federal funding per capita.) In 1987, the state received $1,039 for each resident for funding projects such as transportation facilities and social programs. The average for the United States as a whole amounted to $477 per resident.

In addition, there are 24,500 enlisted military personnel in the state and over 19,000 other federal employees. The budget agreement between Congress and the White House includes cuts in both social and defense programs. Many thought that federal government jobs in Alaska were secure prior to this round of budget negotiations. However, the magnitude of the budget crisis implies that few programs can be spared from cuts. Alaska, because of its larger than average share of federal receipts, might see proportionally larger cuts than some other states.

Higher Oil Prices a Mixed Blessing for Alaskans

The international crisis in Kuwait has also been a factor in Alaska's economy. Although increased oil prices will have some positive impacts on the state, not all of the effects will be welcomed. For example, the costs of transporting goods, already a significant portion of many products' total costs, will increase as fuel costs rise. As gasoline prices rise, basic transportation consumes a larger share of Alaskans' budgets.

In addition, many Alaskans are more dependent on air transportation than people in the Lower 49. Since the crisis in the Middle East began, all major airlines have announced substantial price hikes to cover the higher fuel costs. State services have also been affected by rising fuel costs. The Alaska Marine Highway's allocation for fuel for this year will be insufficient unless prices soon plummet. Likewise, the state's fleet of cars, trucks

Table 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 9/90	r/ 8/90	9/89	Changes from: 8/90	Changes from: 9/89
Total Nonag. Wage & Salary	245,400	250,700	243,700	-5,300	1,700
Goods-producing	43,000	49,200	41,800	-6,200	1,200
Mining	11,600	12,000	10,600	-400	1,000
Construction	13,300	13,500	12,900	-200	400
Manufacturing	18,100	23,700	18,300	-5,600	-200
Durable Goods	4,200	4,500	4,500	-300	-300
Lumber & Wood Products	3,300	3,500	3,600	-200	-300
Nondurable Goods	13,900	19,200	13,800	-5,300	100
Seafood Processing	10,100	15,300	10,100	-5,200	0
Pulp Mills	900	1,000	900	-100	0
Service-producing	202,400	201,500	201,900	900	500
Transportation	20,700	21,000	23,300	-300	-2,600
Trucking & Warehousing	2,600	2,700	2,500	-100	100
Water Transportation	1,400	1,400	1,800	0	-400
Air Transportation	6,800	6,900	6,500	-100	300
Communications	3,300	3,300	3,200	0	100
Trade	48,100	48,900	46,600	-800	1,500
Wholesale Trade	8,800	9,000	8,300	-200	500
Retail Trade	39,300	39,900	38,300	-600	1,000
Gen. Merch. & Apparel	5,800	5,800	5,600	0	200
Food Stores	7,000	7,100	6,700	-100	300
Eating & Drinking Places	14,300	14,500	14,200	-200	100
Finance-Ins. & Real Estate	10,800	10,900	10,600	-100	200
Services & Misc.	50,700	51,600	49,800	-900	900
Hotels & Lodging Places	6,100	6,600	5,900	-500	200
Government	72,100	69,100	71,600	3,000	500
Federal	19,100	19,200	18,900	-100	200
State	22,000	21,400	22,100	600	-100
Local	31,000	28,500	30,600	2,500	400

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

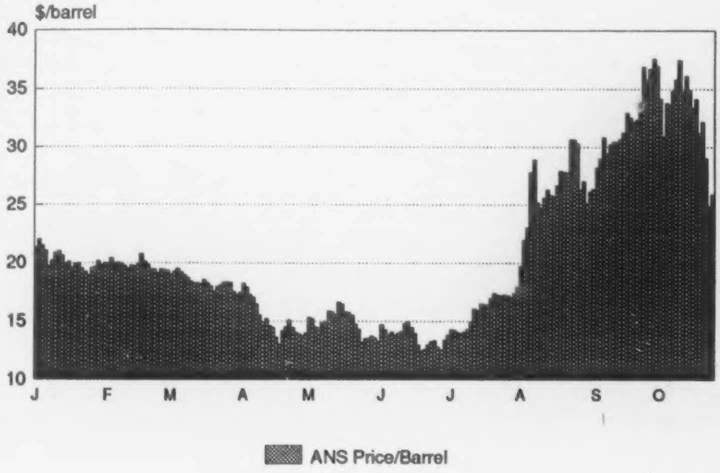
and heavy equipment is costing more to keep running than was expected when the state's budget was approved.

Still the increased prices for crude oil does help the state's economy in some ways. State revenue is still dependent on North Slope oil income, which parallels the world crude market. Compared to the beginning of the year, Alaska North Slope (ANS) oil prices had at one point increased by over 75%. As of this writing in late October ANS is selling for over $30.00 per barrel after reaching a peak of $37.59 on September 27th. (See Figure 1.)

Higher prices also spur oil exploration and development activities in the state. Major players in the industry are again looking for ways to increase production. Responding to an appeal from President Bush for greater domestic production, Alaskan oil companies increased the flow through the Trans-Alaska Pipeline to nearly 2 million barrels per day.

Figure 1

Alaska North Slope Oil Prices
Spot Market Price



Source: Alaska Department of Labor, Research and Analysis Section

Other Industries Helping to Bolster State's Economic Health

Several factors closer to home will also be felt by the state's economy. Two of the state's largest retailers have announced expansion plans. Juneau will be home to the newest JC Penney store. Carrs plans to add a store in Kenai and expand existing stores in Eagle River and Fairbanks. Such expansion plans are one more sign that business leaders are optimistic about the state's future economic health.

Fairbanks could also benefit from another large project. MAPCO, owners of the North Pole refinery, announced plans to construct a pipeline. The pipeline would transport fuels to the Anchorage market. When constructed in 1977, the refinery was mainly designed to supply the Interior region with heating fuel. Increases in production capacity have allowed MAPCO to supply other areas of the state. Most of the firm's expansion has occurred in the Anchorage retail gasoline market and in the supplying of jet fuel at Anchorage International Airport.

Higher prices spur oil exploration and development.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/ 9/90	r/ 8/90	9/89	Changes from: 8/90	Changes from: 9/89
Total Nonag. Wage & Salary	113,200	113,450	109,800	-250	3,400
Goods-producing	13,050	13,650	12,100	-600	950
Mining	3,800	3,850	3,550	-50	250
Construction	6,800	6,950	6,250	-150	550
Manufacturing	2,450	2,850	2,300	-400	150
Service-producing	100,150	99,800	97,700	350	2,450
Transportation	10,900	11,050	10,850	-150	50
Trucking & Warehousing	1,550	1,600	1,500	-50	50
Water Transportation	250	250	400	0	-150
Air Transportation	4,100	4,250	4,050	-150	50
Communications	1,950	1,950	1,850	0	100
Trade	27,000	27,250	26,100	-250	900
Wholesale Trade	6,300	6,450	6,100	-150	200
Retail Trade	20,700	20,800	20,000	-100	700
Gen. Merch. & Apparel	2,850	2,900	2,800	-50	50
Food Stores	3,300	3,300	3,100	0	200
Eating & Drinking Places	8,200	8,200	8,050	0	150
Finance-Ins. & Real Estate	6,900	6,950	6,850	-50	50
Services & Misc.	28,200	28,000	27,500	200	700
Hotels & Lodging Places	2,500	2,600	2,450	-100	50
Government	27,150	26,550	26,400	600	750
Federal	10,350	10,400	10,050	-50	300
State	8,050	7,400	7,700	650	350
Local	8,750	8,750	8,650	0	100

Fairbanks North Star Borough

	p/ 9/90	r/ 8/90	9/89	Changes from: 8/90	Changes from: 9/89
Total Nonag. Wage & Salary	29,150	29,000	28,900	150	250
Goods-producing	2,900	2,950	3,050	-50	-150
Mining	200	250	200	-50	0
Construction	2,100	2,100	2,200	0	-100
Manufacturing	600	600	650	0	-50
Service-producing	26,250	26,050	25,850	200	400
Transportation	2,200	2,250	2,200	-50	0
Trucking & Warehousing	550	550	450	0	100
Air Transportation	400	450	400	-50	0
Communications	200	200	250	0	-50
Trade	6,600	6,650	6,550	-50	50
Wholesale Trade	800	800	800	0	0
Retail Trade	5,800	5,850	5,750	-50	50
Gen. Merch. & Apparel	600	650	700	-50	-100
Food Stores	850	850	800	0	50
Eating & Drinking Places	2,450	2,450	2,400	0	50
Finance-Ins. & Real Estate	950	950	900	0	50
Services & Misc.	6,350	6,700	6,250	-350	100
Government	10,150	9,500	9,950	650	200
Federal	3,100	3,150	3,150	-50	-50
State	4,300	4,000	4,150	300	150
Local	2,750	2,350	2,650	400	100

Anchorage-MatSu Region

	p/ 9/90	r/ 8/90	9/89	Changes from: 8/90	Changes from: 9/89
Total Nonag. Wage & Salary	120,650	120,300	117,150	350	3,500
Goods-producing	13,550	14,050	12,650	-500	900
Mining	3,950	3,900	3,700	50	250
Construction	7,050	7,200	6,500	-150	550
Manufacturing	2,550	2,950	2,450	-400	100
Service-producing	107,100	106,250	104,500	850	2,600
Transportation	11,750	11,650	11,600	100	150
Trade	28,750	28,950	27,850	-200	900
Finance-Ins. & Real Estate	7,350	7,400	7,300	-50	50
Services & Misc.	29,600	29,550	28,850	50	750
Government	29,650	28,700	28,900	950	750
Federal	10,500	10,500	10,150	0	350
State	8,800	8,150	8,600	650	200
Local	10,350	10,050	10,150	300	200

Interior Region

	p/ 9/90	r/ 8/90	9/89	Changes from: 8/90	Changes from: 9/89
Total Nonag. Wage & Salary	33,850	33,700	33,400	150	450
Goods-producing	3,250	3,250	3,250	0	0
Mining	400	400	350	0	50
Construction	2,200	2,200	2,250	0	-50
Manufacturing	650	650	650	0	0
Service-producing	30,600	30,450	30,150	150	450
Transportation	2,500	2,600	2,450	-100	50
Trade	7,150	7,200	7,000	-50	150
Finance-Ins. & Real Estate	1,000	1,000	1,000	0	0
Services	7,100	7,500	6,900	-400	200
Government	12,850	12,150	12,800	700	50
Federal	3,800	3,850	3,900	-50	-100
State	4,850	4,750	4,650	100	200
Local	4,200	3,550	4,250	650	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Table 2 *(cont. from page 12)*

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	9/90	8/90	9/89	8/90	9/89
Total Nonag. Wage & Salary	35,900	37,400	35,650	-1,500	250
Goods-producing	7,950	9,100	8,150	-1,150	-200
Mining	400	400	300	0	100
Construction	1,350	1,450	1,400	-100	-50
Manufacturing	6,200	7,250	6,450	-1,050	-250
Durable Goods	3,050	3,150	3,300	-100	-250
Lumber & Wood Products	2,850	3,000	3,150	-150	-300
Nondurable Goods	3,150	4,100	3,150	-950	0
Seafood Processing	2,050	2,950	2,050	-900	0
Pulp Mills	900	950	900	-50	0
Service-producing	27,950	28,300	27,500	-350	450
Transportation	2,700	2,800	2,700	-100	0
Trade	5,850	6,100	5,650	-250	200
Wholesale Trade	700	750	650	-50	50
Retail Trade	5,150	5,350	5,000	-200	150
Finance-Ins. & Real Estate	1,150	1,150	1,100	0	50
Services & Misc.	5,550	5,750	5,600	-200	-50
Government	12,700	12,500	12,450	200	250
Federal	2,400	2,400	2,250	0	150
State	5,550	5,600	5,650	-50	-100
Local	4,750	4,500	4,550	250	200

Gulf Coast Region

	p/	r/		Changes from:	
	9/90	8/90	9/89	8/90	9/89
Total Nonag. Wage & Salary	24,350	26,850	27,350	-2,500	-3,000
Goods-producing	6,950	9,150	7,050	-2,200	-100
Mining	950	950	900	0	50
Construction	1,200	1,300	1,300	-100	-100
Manufacturing	4,800	6,900	4,850	-2,100	-50
Seafood Processing	3,700	5,750	3,800	-2,050	-100
Service-producing	17,400	17,700	20,300	-300	-2,900
Transportation	1,750	2,000	4,450	-250	-2,700
Trade	4,000	4,350	4,050	-350	-50
Wholesale Trade	550	650	550	-100	0
Retail Trade	3,450	3,700	3,500	-250	-50
Finance-Ins. & Real Estate	600	600	600	0	0
Services & Misc.	4,800	4,950	4,850	-150	-50
Government	6,250	5,800	6,350	450	-100
Federal	650	650	600	0	50
State	2,000	1,950	2,200	50	-200
Local	3,600	3,200	3,550	400	50

Northern Region

	p/	r/		Changes from:	
	9/90	8/90	9/89	8/90	9/89
Total Nonag. Wage & Salary	15,600	15,300	14,350	300	1,250
Goods-producing	7,000	6,950	6,150	50	850
Mining	6,200	6,150	5,300	50	900
Service-producing	8,600	8,350	8,200	250	400
Government	4,250	4,000	4,100	250	150
Federal	300	300	300	0	0
State	350	350	300	0	50
Local	3,600	3,350	3,500	250	100

Southwest Region

	p/	r/		Changes from:	
	9/90	8/90	9/89	8/90	9/89
Total Nonag. Wage & Salary	15,450	17,100	15,350	-1,650	100
Goods-producing	4,550	6,450	4,500	-1,900	50
Seafood Processing	3,900	5,800	3,900	-1,900	0
Service-producing	10,900	10,650	10,850	250	50
Government	6,200	5,700	6,200	500	0
Federal	1,400	1,350	1,350	50	50
State	550	550	550	0	0
Local	4,250	3,800	4,300	450	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Currently, the Alaska Railroad is the primary and most economical carrier of MAPCO products. However, the company believes a pipeline system may prove cost effective in the long run, and is evaluating its construction. If cost estimates point to profitability and permitting and land access don't present any unforeseen problems, construction could begin in one to two years. The $100 million construction project would create approximately 250 jobs, lasting for slightly less than a year, followed by 15 jobs dedicated to pipeline operation.

The finance, insurance and real estate industry received some unusual news in September. This industry was one of the hardest hit in the last recession, and has only recently shown signs of strengthening. For the first time in several years, a bank is being created instead of being acquired or liquidated. Common stock of the new Northrim Bank should be on the market by the end of October. The principal partners in the venture believe it will fare well in the state's strengthening economy. Some other observers, however, note the difficulties a bank will experience during this time. They contend current low returns on banks' investments and high start-up costs will make it difficult for the new bank to make profits and still attract new customers.

The mining industry showed strong growth in both oil and gas and mineral mining. In total, about 1,000 additional jobs were created in this industry compared to last year. Increased exploration activities associated with the rise in crude prices will further boost employment. Higher crude prices and declining production levels both helped play a role in the announced construction of GHX-2, another gas handling facility to be built on the Prudhoe Bay field. The $1 billion project should increase liquids production by 100,000 barrels per day by the middle of the decade and increase the productive capacity of the field by 330 to 450 million barrels.

Not all news, however, promised employment gains -- the major North Slope oil companies announced plans which will see some employment reductions in the future. Under a joint operating agreement, the companies will consolidate much of their pipeline operations and oversight duties into one entity. This should lead to increased efficiency in the pipeline's maintenance with a corresponding reduction in employment.

All of these job losses will occur in the Northern region, the area of the state with the strongest employment gains. Compared to last September, employment has increased by over 6%. The largest gains have been in the mining industry, which accounted for slightly over one-half of these 900 new jobs, while gains in local government, trade and construction employment provided most of the remainder.

The Anchorage/Mat-Su region was the only other area to even approach this level of employment growth. Its 3% rise was much more evenly distributed among the industries, though mining and construction did show slightly higher growth rates than other industries.

Employment levels were not the only sign of growth in the state. September also marks the beginning of the school year, and this year's enrollment numbers are well above last in most areas. In preliminary enrollment counts from 30 of 50 districts, two-thirds of the districts reported levels higher than last year's.

Both Kodiak and Mat-Su school districts posted record high enrollments this year. Kenai school enrollments were above 9,000 this year, or 10% above last year's level. Juneau school enrollments also hit an all time high, up by 4.5% compared to last year. Most of the gains in Juneau schools were at the middle and high schools.

Overview

September is traditionally a month where one reflects on Alaska's economic performance during its peak season. While this holds true for September of 1990, there are several other variables which are outside of the control of Alaskans. This past summer season was a good one for most businesses in the state. There were employment gains in most industries, even when compared to last year's oil spill inflated economy. For economy watchers, the task of determining the state's economic growth will from this point on become easier as employment levels are compared with non-oil spill cleanup months.

However, more important to the state's economic health are the yet unanswered questions surrounding the Persian Gulf conflict and the federal budget deficit. How these issues are resolved will have a real impact on Alaska and its economy.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 9/90	r/ 8/90	9/89	p/ 9/90	r/ 8/90	9/89	p/ 9/90	r/ 8/90	9/89
Mining	$1,137.52	$1,121.38	$1,131.31	47.2	49.4	51.8	$24.10	$22.70	$21.84
Construction	1,224.23	1,202.43	1,176.90	48.6	49.3	47.9	25.19	24.39	24.57
Manufacturing	544.24	625.12	533.34	41.8	54.5	40.9	13.02	11.47	13.04
Seafood Processing	381.61	562.97	375.71	41.3	59.7	39.3	9.24	9.43	9.56
Trans., Comm. & Utilities	599.15	605.15	718.00	35.6	35.0	50.0	16.83	17.29	14.36
Trade	426.49	412.56	388.28	35.9	36.0	34.3	11.88	11.46	11.32
Wholesale	567.22	547.47	534.50	39.5	39.5	39.1	14.36	13.86	13.67
Retail	377.54	364.00	339.75	34.7	34.7	32.7	10.88	10.49	10.39
Finance-Ins. & R.E	423.38	389.76	418.42	37.5	34.1	36.8	11.29	11.43	11.37

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2] Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Table 4

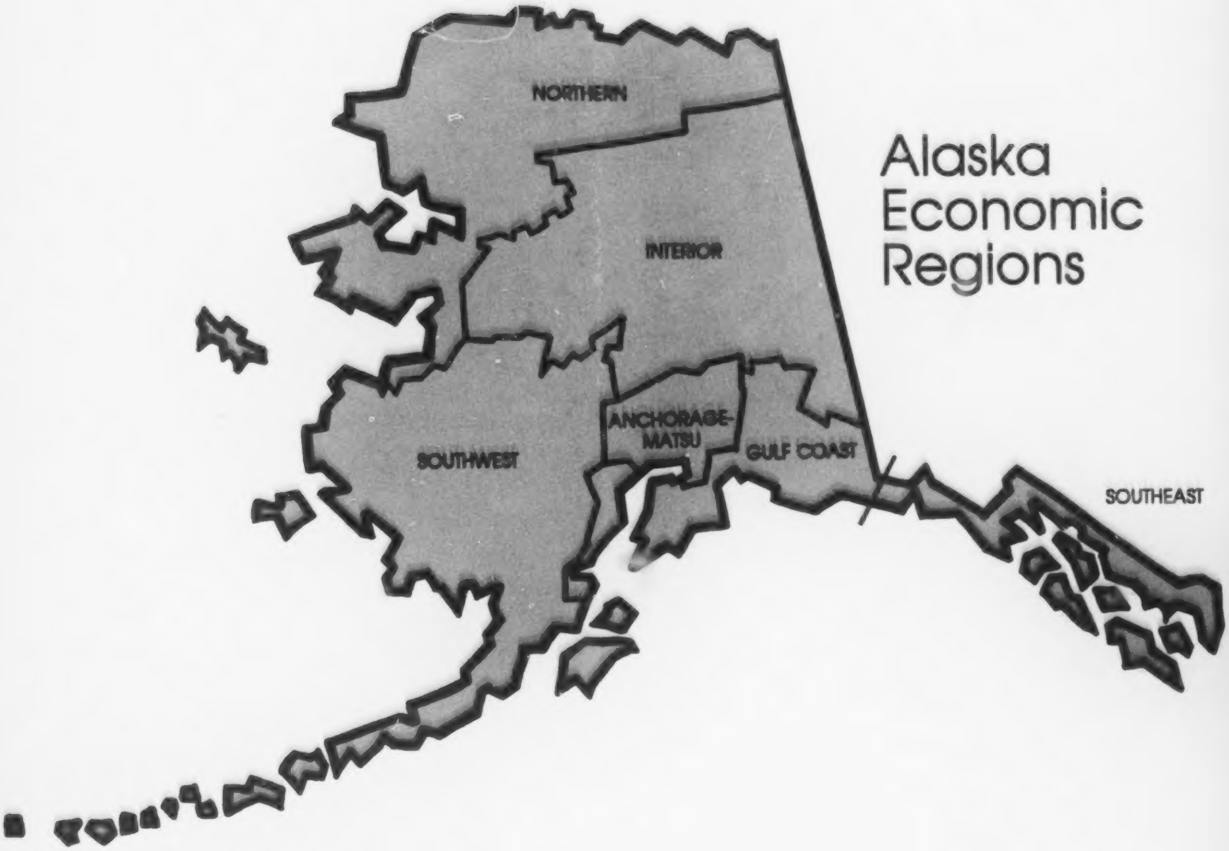
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 9/90	r/ 8/90	9/89	p/ 9/90	r/ 8/90	9/89	p/ 9/90	r/ 8/90	9/89	p/ 9/90	r/ 8/90	9/89
Alaska Statewide	259,797	266,555	257,781	16,532	14,777	16,155	6.4%	5.5%	6.3%	243,265	251,778	241,626
Anch.-MatSu Region	132,993	133,853	129,269	7,834	7,133	7,653	5.9	5.3	5.9	125,159	126,720	121,616
Municipality of Anchorage	117,696	119,195	114,083	6,167	5,509	5,928	5.2	4.6	5.2	111,529	113,686	108,155
MatSu Borough	15,297	14,658	15,186	1,667	1,624	1,725	10.9	11.1	11.4	13,630	13,034	13,461
Gulf Coast Region	30,127	33,096	32,769	2,531	2,158	2,010	8.4	6.5	6.1	27,596	30,938	30,759
Kenai Peninsula Borough	18,821	20,528	20,240	1,912	1,572	1,393	10.2	7.7	6.9	16,909	18,956	18,847
Kodiak Island Borough	6,720	7,475	7,611	277	252	430	4.1	3.4	5.6	6,443	7,223	7,181
Valdez-Cordova	4,586	5,093	4,918	342	334	187	7.5	6.6	3.8	4,244	4,759	4,731
Interior Region	37,532	37,731	37,068	2,873	2,610	2,897	7.7	6.9	7.8	34,659	35,121	34,171
Fairbanks North Star Bor.	32,477	32,773	32,083	2,425	2,320	2,454	7.5	7.1	7.6	30,052	30,453	29,629
Southeast Fairbanks	2,105	2,057	2,042	185	111	149	8.8	5.4	7.3	1,920	1,946	1,893
Yukon-Koyukuk	2,950	2,901	2,943	263	179	294	8.9	6.2	10.0	2,687	2,722	2,649
Northern Region	8,534	8,475	8,173	640	620	688	7.5	7.3	8.4	7,894	7,855	7,485
Nome	3,151	3,118	3,030	264	245	292	8.4	7.9	9.6	2,887	2,873	2,738
North Slope Borough	3,079	3,056	2,996	93	85	165	3.0	2.8	5.5	2,986	2,971	2,831
Northwest Arctic Borough	2,304	2,301	2,147	283	290	231	12.3	12.6	10.8	2,021	2,011	1,916
Southeast Region	37,568	39,270	37,400	1,996	1,680	2,161	5.3	4.3	5.8	35,572	37,590	35,239
Haines Borough	909	945	897	63	51	59	6.9	5.4	6.6	846	894	838
Juneau Borough	16,898	17,732	16,872	811	733	936	4.8	4.1	5.5	16,087	16,999	15,936
Ketchikan Gateway Bor.	7,011	7,300	6,912	419	334	382	6.0	4.6	5.5	6,592	6,966	6,530
Pr. of Wales-Outer Ketch.	2,823	2,908	2,824	200	136	225	7.1	4.7	8.0	2,623	2,772	2,599
Sitka Borough	4,346	4,604	4,351	156	176	200	3.6	3.8	4.6	4,190	4,428	4,151
Skagway-Yakutat-Angoon	1,806	1,845	1,729	168	114	106	9.3	6.2	6.1	1,638	1,731	1,623
Wrangell-Petersburg	3,775	3,936	3,815	179	136	253	4.7	3.5	6.6	3,596	3,800	3,562
Southwest Region	13,043	14,130	13,102	658	576	746	5.0	4.1	5.7	12,385	13,554	12,356
Aleutians East Borough	917	998	922	10	6	18	1.1	0.6	2.0	907	992	904
Aleutians West	2,570	2,809	2,581	30	29	47	1.2	1.0	1.8	2,540	2,780	2,534
Bethel	5,018	5,431	5,070	324	293	337	6.5	5.4	7.6	4,694	5,138	4,683
Bristol Bay Borough	506	539	495	27	15	17	5.3	2.8	3.4	479	524	478
Dillingham	2,323	2,523	2,352	80	69	115	3.4	2.7	4.9	2,243	2,454	2,237
Wade Hampton	1,709	1,830	1,682	187	164	162	10.9	9.0	9.6	1,522	1,666	1,520

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.


NORTHERN
INTERIOR
SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

Alaska Economic Regions

ALASKA ECONOMIC TRENDS

January 1991

SITKA

ECONOMY HEADS INTO WINTER

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ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Number 1

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maintaining the foundation of economic security

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MADE IN ALASKA

Sitka: A Rich History and A Diverse Economy

By Brian N. Rae

Few cities in Alaska can match Sitka's historic diversity. This Southeast Alaska community has a unique blend of Native, Russian and American cultures which reflects the origins of the city's inhabitants. Sitka was Alaska's capital under both the Russian and American flags. However, the city's rich and varied history is not the only thing unique about Sitka — other superlatives also apply.

The City and Borough of Sitka is, in land area, the largest city in the United States. It includes almost all of Baranof Island (the community of Port Alexander being outside the borough boundary), all of Krestof and about one-half of Chichagof Island. It is the only Southeast Alaskan community situated on the outside waters, an important factor in the structure of its economy.

A Tlingit Village Turned Russian Fur Trading Post

The first commercial use of Sitka was for the Russian fur trade. Alexander Andreevich Baranov led the expedition which brought the first Russians to Sitka on May 25, 1799. The crew built their camp about six miles from the current city, which at the time was a Tlingit village.

The Tlingits were expert hunters, and supplied the traders with thousands of sea otter pelts in exchange for guns, powder, lead and whiskey. Baranov disapproved of the goods used for trade, fearing that the Tlingits might attack the community. One and one-half years after the settlement was built, Baranov's fears were realized. Most of the Russians were killed in the attack and the remainder were rescued and returned to Kodiak.

In 1804 the Russians returned to retake Sitka. After much fighting, a round of protracted negotiations ensued. The Tlingits, facing many Russian troops with superior weapons, slipped out of Sitka in the night. While Baranov reclaimed the village, bands of warriors continued to attack anyone leaving the safety of the settlement. Still, a city was built which became the largest fur trading center in Southeast Alaska. The area also produced goods for sale to the trading fleet. A processing facility provided barrels of salted

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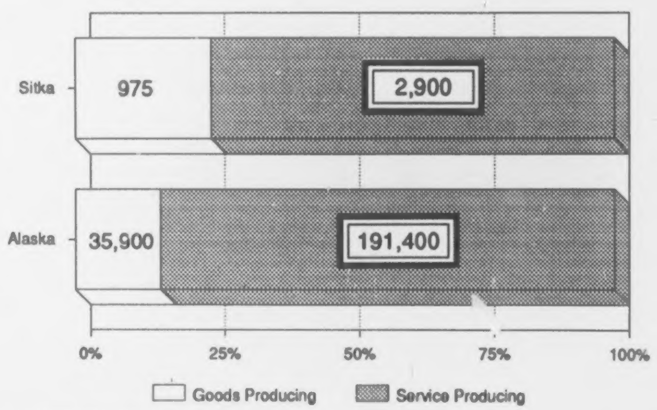
Figure • 1

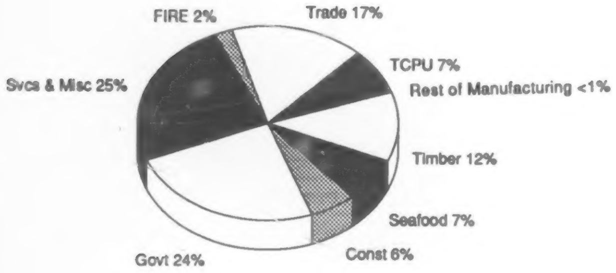
Employment by Type
Goods Producing vs. Service Producing



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

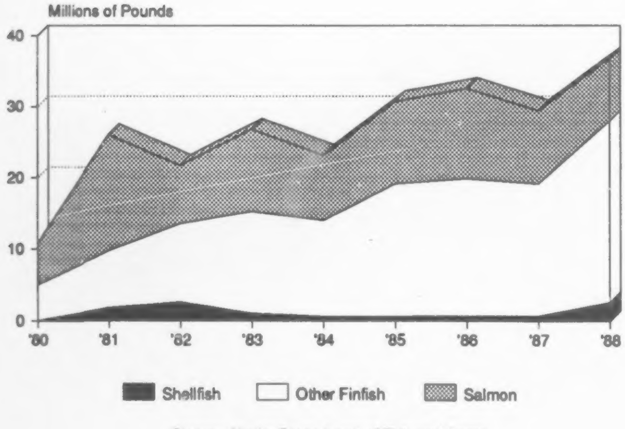
City and Borough of Sitka Employment 1989



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 3

Seafood Production by Weight
Sitka Seafood Processors, 1980-88



Source: Alaska Department of Fish and Game,
Commercial Fisheries Entry Commission.

fish, and gardens supplied fresh produce. A local shipyard made both large and small ships to replace those lost at sea, while a foundry cast ships' gear, bells and cannon.

Because of declines in the stocks of fur animals and a lack of good management and development, the Russian companies abandoned Sitka as a source of furs. Other countries were setting up trading posts in Alaska, even though the land was under Russian control. Seeing their income decline along with the sea otter population, and afraid that another country (probably the United States or Britain) would take the land by force, the Russian government sold Alaska to the United States on October 18, 1867. In a ceremony on Sitka's Castle Hill, the Russian flag was lowered and replaced by the U.S. flag.

Sitka was dealt a blow when the territorial capital was moved to Juneau. The process took some time, but began in 1904. Although most Sitkans were not troubled by its relocation, the city lost what would eventually become a major part of the state's economy.

Gold Rush Bypassed Sitka

Sitka saw little development in the late 1800s. In 1912 seals became the new sea otters, and were hunted heavily for six years. Fishing was an important industry, and expanded rapidly until 1941 when it fell into a long term decline. However, Sitka was virtually bypassed by the single most important event in Alaska's early development.

The greatest impetus in Alaska's early growth was the gold rush of the late nineteenth and early twentieth centuries. Gold was first discovered in Southeast near Sitka at the Cache Mine in 1872. While this find brought some prospectors into the area, larger strikes occurred on the mainland. Prospectors bypassed Sitka, traveling through Skagway heading for the Yukon or up drainages near Juneau and up the Stikine river.

Sitka Capitalized on Its Resources

While Sitka did not see much of the boom from gold, its economy remained viable. The initial dependence on the sea otter and seal trades was not sustainable, but some of the advantages which made Sitka a successful trading post continue to help its economy to this day.

When looking at the Sitka economy, many of the industries are there because of the area's natural resources. This is evident in the amount of manufacturing employment that is located in Sitka. (See Table 1.) The city has a much larger share of goods producing industry employment than does the state as a whole. (See Figure 1.)

Another thing unique about Sitka is its economic diversity. Most Southeast Alaska communities rely on either the forest products industry, the seafood industry, government employment, or the tourist trade for the bulk of their economic activity. Sitka incorporates a share of all of these industries in its economy. (See Figure 2.)

Fishing: A Steady Presence in the Local Economy

As in its fur trading days, the waters around Sitka are productive fishing areas, and companies have taken advantage of this by locating processing facilities there. Processing is not the only side of

Table • 1

City and Borough of Sitka Employment by Industry 1989 by Quarter and Annual Average

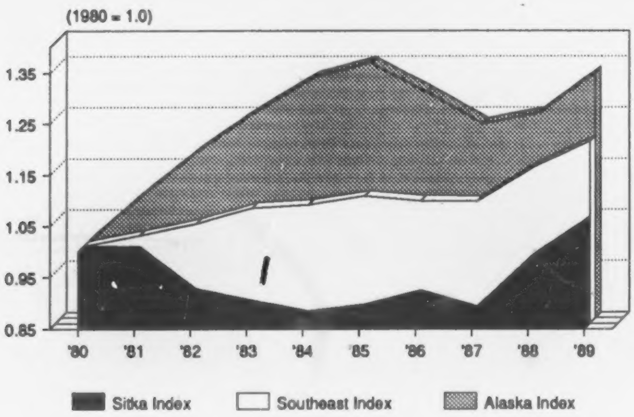
	89/1	89/2	89/3	89/4	Annual Average
TOTAL EMPLOYMENT	3,517	4,140	4,325	3,844	3,957
Goods Producing 1/	700	1,135	1,249	821	976
Construction	153	255	291	190	222
Manufacturing	547	880	958	631	754
Seafood Processing	130	373	423	216	286
Other Manufacturing	417	507	535	415	469
Service Producing 1/	2,817	3,005	3,076	3,023	2,981
Transportation	235	291	342	258	282
Trade	591	678	670	633	643
Wholesale	39	84	72	58	63
Retail	552	594	598	575	580
Finance, Ins. & Real Estate	79	89	82	91	85
Services & Misc. 1/	929	977	1,033	1,015	989
Services	893	921	956	981	938
Government	983	970	949	1,026	982
Federal	243	263	278	257	260
State	284	276	278	287	281
Local	456	431	393	482	441

1/ Because of confidentiality constraints, mining has been included in Services & Miscellaneous employment totals.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 4

Employment Index
Sitka, Southeast & Alaska



Source: Alaska Department of Labor, Research and Analysis Section.

the industry in Sitka. Fishing boats also call the city home for its readily accessible port and service center.

Sitka has the largest number of boat berths of any Southeast city, at 1,150, and one of the few dry docks in the region. In 1989 there was one berth for every 7.2 residents of the borough, compared to one for every 11.5 residents of Southeast. Fishing boats occupied over 50% of all berths in Sitka. Considering the number of limited entry salmon permits owned by Sitkans, this is not surprising. The Commercial Fisheries Entry Commission reports that at the end of 1988, Sitka fishermen owned 393 permits — 16 seine, 5 drift gill net, 190 power troll and 182 hand troll.

The Alaska Department of Labor does not keep statistics on fish harvesting employment (since fishermen and their crews are considered self-employed), so it is difficult to say how many Sitkans worked at this craft. However, it is apparent that many Sitka families and companies benefit from the employment opportunities and money earned in the Southeast fisheries.

Sitka fishermen, and the processors located there, know their business is volatile. In the best of times, price and quantity of their catch is high. In the worst, neither is. Figure 3 shows how the amount of product processed has changed since 1980. Sitka's main seafood products are salmon, herring and shellfish, although other products are beginning to appear in local processing facilities. While the harvests are cyclical, total production has generally increased since 1980. These increased activities at the processors came at a time when some other industries in Sitka were on the decline. Without the increase in seafood production, the fall in employment during the early 1980s would have been even more dramatic.

While the fishing industry has thrived in Sitka, the community has also taken advantage of its location and its early beginnings to become a regional trade and service center in Southeast. While Juneau and Ketchikan serve more communities and can offer a wider variety of services, Sitka has its own areas and industries that it serves, and its own specialties it can provide consumers throughout the region.

Sitka is a Regional Center for Higher Education

One service which Sitka provides for more than just the local community is higher education. Sitka's Sheldon Jackson is one of the few private colleges in Alaska. A branch campus of the University of Alaska-Southeast is also located there. In addition, the only state-operated boarding high school in Alaska, Mt. Edgecumbe, draws Alaska Native students from all over the state to Sitka. These schools offer basic education to their students, but they also do more. Each school specializes in areas of importance to Sitka, ranging from marine research to Native art.

The schools are held in high esteem by many Sitkans. They help the local economy through student expenditures, but many also credit the schools with helping Sitka grow economically.

Their innovative programs show new business opportunities and provide solutions to current development related problems. For example, Mt. Edgecumbe operates a smoked fish business, selling their product on the Japanese market. Students are required to take either Mandarin Chinese or Japanese language classes, and can take college courses through a cooperative agreement with the University of Alaska.

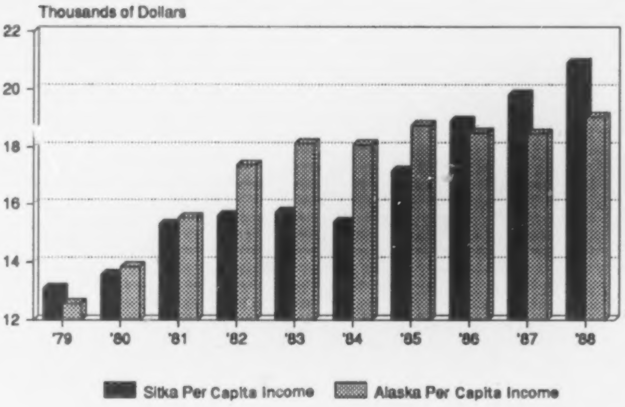
Health Care Is An Important Employer In Sitka

The second large service industry in Sitka is health care. While Sitka can claim the first hospital ever built in Alaska (built while Sitka was still a Russian trading post). The prominence of the health care industry is a modern-day occurrence. The former Bureau of Indian Affairs Hospital, now operated by the Southeast Alaska Regional Health Corporation (SEARHC), the Sitka Community Hospital, and the Pioneers' Home combined employ over 400 Sitkans.

This figure does not include the number of health care providers in private practice and their staff. When this employment is included, employment in the health care industry accounts for one in every nine jobs in the city. This is an incredibly high percentage - in Alaska only one in 23 jobs are in the health care industry.

Figure • 5

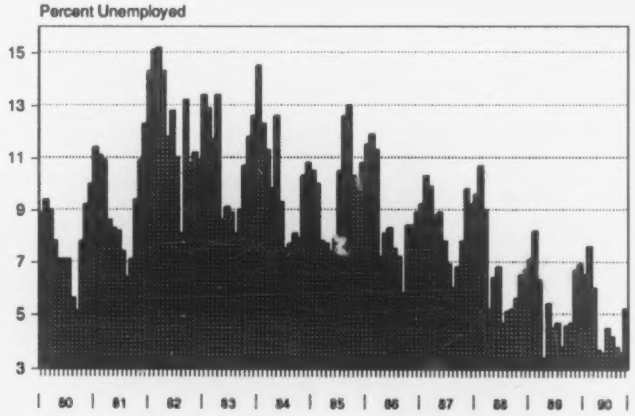
Per Capita Income — Sitka & Alaska 1979-88



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure • 6

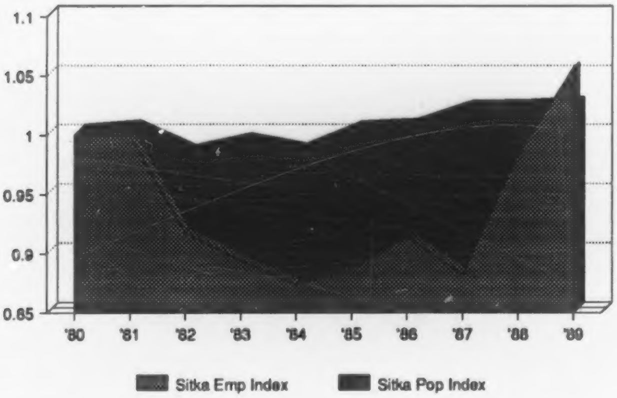
Sitka Unemployment Rate by Month, 1980-90



Source: Alaska Department of Labor, Research and Analysis Section

Figure • 7

Employment & Population Index



Source: Alaska Department of Labor, Research and Analysis Section.

Tourism A Growing Industry

During the last several years, Sitkans have found yet another way to take advantage of what they have — they show it off. Tourists have several reasons to visit during their Alaska vacations. Sitka's rich history and cultural diversity make it an attractive point of interest for visitors.

Last year 137,000 pleasure visitors, over 40% of all visitors to Southeast, saw Sitka. Over the years, local operators have become more aggressive in marketing their services. Tourists to the city, even those on tight schedules such as cruise ship passengers, find many ways to spend their time and money in Sitka. They can take advantage of guided small boat tours to see local historical sites and wildlife, take a charter boat to local halibut fishing grounds, see Native art and dancers, or visit a raptor rehabilitation center. They can also take walking tours of the city and its attractions and browse through the shops and museums. All totaled, visitors spent $4.6 million in Sitka in 1989.

Wood Products Industry Adds to Economic Diversity

The area's timber resources are the basis for another of Sitka's major industries. The creation of a pulp and timber industry, however, was undertaken more by government agencies than by individual Sitkans. In the 1940s, the federal government was looking for a way to populate Southeast Alaska. An industry capable of providing year-round jobs to residents was needed. The government saw the creation of a timber industry with its additional employment as a means to that end. The new industry would provide jobs and year-round resident employment.

In the 1950s, several-long term contracts were signed with forest product companies guaranteeing them the necessary supply of timber to build and operate mills in Southeast Alaska. Only two companies which signed contracts still operate in the area, and Sitka is the location of one of these companies.

Alaska Lumber and Pulp Company, a Japanese-owned pulp mill located on Silver Bay, is the largest privately-owned firm in Sitka. The company employs about 400 in the mill, with additional employees in their logging operations. The number of Sitkans employed in the industry and their relatively high rates of pay make this one of the most important industries for the city.

Early '80s a Rough Period for Sitka

Although no one industry dominates Sitka's economy, the city's small size leads to some inherent instability. In the past, Southeast has shown a steadier growth rate than the state as a whole, largely avoiding the major booms and busts which have plagued the state. (See Figure 4.) Sitka has not, unfortunately, been able to totally avoid them.

In 1980 Sitka's economy was doing well. The timber market was strong, with high prices and demand boosting employment to near record highs. Sitka had also seen employment gains through the Sitka Community Association's participation in the Comprehensive Employment and Training Act (CETA) program. This federally funded jobs program boosted employment by nearly 300 during the late 1970s.

Two events occurred simultaneously which affected Sitka's employment. First, the Reagan administration phased out the CETA program from 1980 through 1982. The second event was a weakening in the timber market.

A sagging timber industry explains a large share of Sitka's employment drop from 1980 through 1985. Weak market conditions drove forest products employment down during a time when increased government revenues, and spending, were bolstering economies in other parts of the state. During this time, Alaska's per capita income was increasing rapidly, but Sitka's remained nearly flat. (See Figure 5.) The city's unemployment rate increase during the early 1980s was in large part caused by the weakening timber market. (See Figure 6.)

In addition, the lack of jobs and a high unemployment rate forced many to leave the city, and the population fell below its 1980 level in 1982 through 1984. (See Figure 7.) This out-migration helped ease the unemployment problem, but contributed to the area's economic downturn.

Timber Recovery Fueled Mid-'80s Turnaround

In 1985, the market for timber products regained its strength, boosting both the local economy and its employment. Combining the gains in the timber industry with good fishing seasons helped Sitka post large employment gains in 1988 and 1989. The city's economy is currently very strong, with both per capita income and unemployment rates at favorable levels compared to the remainder of the state.

The Outlook for Sitka's Economy

While the diversity of seafood, timber and tourism activities has helped stabilize the city's economy to date, there is the possibility for changes in all of these areas. Seafood seems to be the area with the greatest potential for growth, while both tourism and timber will have to contend with certain problems in the future.

New Products Offer Fishery Some Growth Potential

Although it will always have to contend with the fluctuations of the market and of the harvests, the seafood industry is expanding into other product lines and Sitka processors are some of the leaders in this trend. Some processors have taken traditional products and creatively packaged them into new forms. Now, instead of shipping out filets or other semi-processed forms, microwaveable frozen entrees and packaged portions are being prepared locally.

The industry is also expanding into totally new products. Both sea cucumbers and sea urchins have proven to be marketable products, and at least two Sitka processors have the facilities necessary to process them. Unlike the traditional fisheries, cucumbers and urchins are harvested by divers, who must obtain permits from the Alaska Department of Fish and Game. Currently about 60 people are registered to dive for cucumbers in the Sitka area. The increased harvest and demand for permits, as well as concerns about the subsistence use of these resources, prompted the department to put a moratorium on their harvest. When the total population and acceptable harvest levels are better established, the new fishery can resume. Fish and Game staff believe this should happen sometime in early 1991.

Processing cucumbers and urchins will probably not employ hundreds of workers, but there is an important aspect to this fishery. These products are at their prime in the winter months, when most processors are shut down and employees are without work. Even the addition of 50 jobs, a realistic level given current demand, would have a positive impact on the local economy.

Industry representatives also see larger markets for products such as geoduck, horse clams, and abalone if the resources are available for expansion. The availability of resources is a concern for many fishermen and processors, particularly in the more traditional fisheries. High seas interception of salmon destined for Alaska's waters continues to present a problem, and some feel that certain fisheries could be wiped out if the process continues.

Timber Industry Stable But Uncertain

Sitka's timber industry seems, at least for the moment, to be stable. The industry has just worked through a major piece of compromise legislation on the Tongass National Forest. Although the full impacts are not yet clear, the general consensus is that the compromise will provide enough logs for the two Southeast mills to continue to operate under the current circumstances. Other factors, however, could place additional pressures on the industry.

It appears that the market for dissolving pulp is weakening, so prices will probably decline. The Sitka mill has, in the past, relied heavily on logs from Native land. As the supply of Native logs continues to fall, and the expense of harvesting the less accessible stands drives up prices, profits could be reduced. Also, many of the timber operations are having problems with waste disposal, and the Sitka mill is not immune from these problems. Finally, several of the timber harvest operations are currently blocked by litigation. The court should rule on these cases soon.

Even with all these problems, it appears that the Sitka mill will continue to operate for the foreseeable future. Given the pulp log supply situation, large scale employment gains are unlikely. Still, the mill should remain one of the city's largest employers and a stabilizing factor in the local economy.

U.S. Recession Could Threaten Tourist Trade

Tourism also faces some problems in Alaska, but Sitka should continue to get at least its current share of the visitors in the future. For 1991, the number of visitors is expected to increase as a large number of cruise ship dockings are scheduled for Sitka. Several factors, however, might contribute to reduce the total number of visitors in future years. Many economists have declared that a recession is occurring in the Lower 49 states. During recessionary times, people have less discretionary income, and are less able to afford the expense of an Alaskan vacation. These people might substitute a vacation destination closer to their home, saving money in the process.

For those that can afford more expensive vacations, the opening of Eastern Europe presents tough competition for Alaska. That area has been closed to tourists for many years, and many Americans trace their ancestors to Europe. There is probably pent up demand to visit Europe, at the expense of Alaska's tourist trade. Fortunately for Sitka, tourist-related ventures seem well established and well versed in luring visitors to their establishments.

Diversity Will Continue to be Sitka's Economic Strength

Sitka has a rich history, many natural resources, and the advantage of being one of the oldest settlements in Southeast Alaska. The city has not squandered these advantages, and has become a regional trade and service center. The city specializes in two industries, education and health care, providing services to people throughout the region and the state.

Still, resource-based industries provide the foundation for Sitka's economy. The city serves as a base of operations for many fishermen participating in the salmon, halibut, shellfish, herring and bottom fisheries, as well as a home for many of the workers in Sitka's processing plants. The local pulp mill provides year-round employment to about 400 Sitkans. Both of these industries inject large amounts of money into the local economy.

Although the city has not been able to avoid all of the booms and busts which have occurred in the state's history, its economic diversity helps insulate it from most such shocks. Overall, the city should continue this trend. The fishing and tourism industries appear to be positioned for future growth, and this should manifest itself throughout the Sitka economy. New products in the seafood industry and continued expansion of tourist-related services will be the main reasons for this growth.

The future for the region's timber industry is not as bright. Given recent congressional actions and the current national climate of conservation in favor of expanding development, there is little room for industry growth. Still, the industry should survive for the foreseeable future, continuing to provide jobs and income to Sitkans.

The area will not be without its ups and downs — it has gone through them before and survived, and it will go through them again. The diversity of Sitka's economy will, however, allow the city to continue to be an important part of the Alaskan economy for years to come.

Economy Heads into Winter

By Holly Stinson

Alaska's economy exhibited its usual seasonal slowdown in October, losing 10,000 jobs from September. Every industry lost jobs except local government, which invariably increases at this time of year due to job gains associated with the beginning of a new school year. While the employment change from September to October painted a grim picture, a look at a longer horizon is more upbeat. There were 4,300 more jobs in Alaska this October than there were in October of 1989. (See Table 1.)

While the number of jobs available declined, Alaska's unemployment rate remained unchanged from September's 6.4%. (See Table 4.) In October of 1989, the same percent of the labor force was unemployed. These were the lowest unemployment figures for October in recent memory. (See Figure 1.)

Last winter's growth rate of 5% faded as the year progressed. The employment growth rate declined during the summer months of 1990 because there

Table • 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 10/90	r/ 9/90	10/89	Changes from: 9/90	Changes from: 10/89
Total Nonag. Wage & Salary	235,200	245,200	230,900	-10,000	4,300
Goods-producing	37,100	42,800	36,200	-5,700	900
Mining	11,200	11,400	10,600	-200	600
Construction	12,100	13,400	11,800	-1,300	300
Manufacturing	13,800	18,000	13,800	-4,200	0
Durable Goods	4,000	4,200	4,200	-200	-200
Lumber & Wood Products	3,100	3,300	3,400	-200	-300
Nondurable Goods	9,800	13,800	9,600	-4,000	200
Seafood Processing	6,000	10,000	5,900	-4,000	100
Pulp Mills	900	900	900	0	0
Service-producing	198,100	202,400	194,700	-4,300	3,400
Transportation	19,900	20,800	19,800	-900	100
Trucking & Warehousing	2,500	2,600	2,400	-100	100
Water Transportation	1,300	1,400	1,400	-100	-100
Air Transportation	6,500	6,800	6,300	-300	200
Communications	3,400	3,300	3,200	100	200
Trade	46,200	48,000	45,100	-1,800	1,100
Wholesale Trade	8,400	8,900	8,100	-500	300
Retail Trade	37,800	39,100	37,000	-1,300	800
Gen. Merch. & Apparel	5,800	5,600	5,700	200	100
Food Stores	6,800	7,000	6,700	-200	100
Eating & Drinking Places	13,100	14,300	13,100	-1,200	0
Finance-Ins. & Real Estate	10,700	10,800	10,500	-100	200
Services & Misc.	48,900	50,600	47,800	-1,700	1,100
Hotels & Lodging Places	5,100	6,100	5,000	-1,000	100
Government	72,400	72,200	71,500	200	900
Federal	18,900	19,100	18,700	-200	200
State	21,900	22,100	21,900	-200	0
Local	31,600	31,000	30,900	600	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

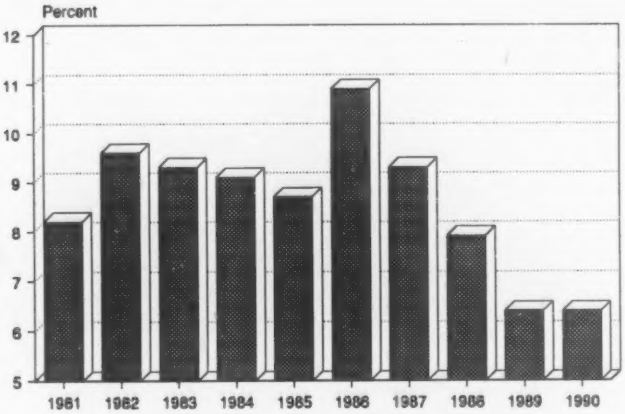
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 1

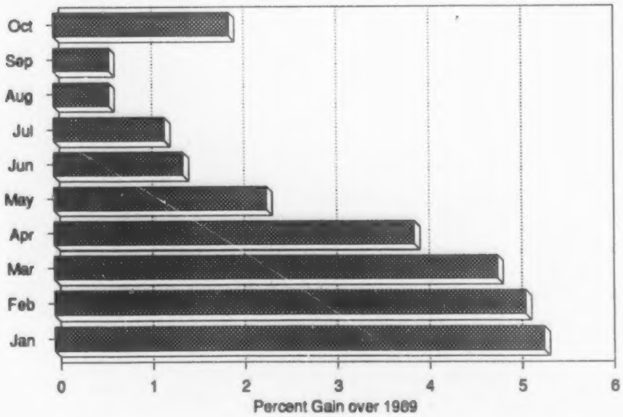
October Unemployment Rates for Alaska 1981-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Employment Growth in 1990



Source: Alaska Department of Labor, Research and Analysis Section.

was no project to temporarily employ thousands of workers like there was during the oil spill cleanup in the summer of 1989. (See Figure 2.) By October of last year the number of jobs available on the cleanup had been reduced to a point where they had a small impact on the total employment available in the economy. This October marks a milestone, because growth rates can now be measured against months not affected by the short-lived cleanup jobs of 1989. Currently the statewide employment growth rate is just under 2%, a fairly good representation of what recent employment growth has been without f[illegible] in the impact sp[illegible] had on employment.

Mixed News in Timber, Oil for Gulf Coast Region

While the spill cleanup had little influence on the economic picture statewide, that was not the case for the Gulf Coast region. (Gulf Coast includes the Kenai and Kodiak Island Boroughs and the Valdez-Cordova census area.) In October of 1989 there were still a few hundred cleanup workers in the Gulf Coast region. These jobs were missing in October 1990, which explains the downward trend in this region's employment when compared to the year ago total. (See Table 2.) Also missing from this October's Gulf Coast count were many state government jobs which were temporarily created to deal with the spill.

Except for 1989's employment spike, this region is supporting more jobs now than ever before. The services industry- which includes health care, lodging, business services, amusement and recreation- is one of the main contributors to employment growth. Although the local population demanding services is equivalent to what it was in 1985, increased tourism benefits this industry.

The Kenai Peninsula received mixed news from their fledgling timber industry. Klukwan, Inc. ended logging in the area, citing a soft Japanese market as the main reason. Also in October Chugach Alaska's new sawmill in Seward added a second shift, meaning 25 additional employees on the payroll.

Mixed news also came from oil companies in Cook Inlet. Union Oil announced plans to spend $300 million on exploratory drilling over the next five years. Shortly afterwards, ARCO Alaska abandoned its exploratory efforts in Cook Inlet.

Northern Employment Growth Based on Mining Industry

While news from the Cook Inlet oil fields was mixed, the oil industry remained strong on the North Slope. Jobs associated with the oil industry almost exclusively explain the Northern region's employment growth. Together, the mining and construction industries had 500 more jobs this October than last, and the construction jobs are mainly at the oil fields. Even with the loss of jobs next year when ARCO and BP merge their operations at Prudhoe Bay, other developments should keep this region's mining employment from falling.

Positive News In Anchorage from Real Estate & Military Sectors

Employment growth in the oil and gas industry was not limited to northern Alaska. Increased oil and gas employment contributed to an annual growth rate of 3% in Anchorage. October marked the beginning of a third year of economic recovery for Anchorage, and that recovery continues to pick up speed. During the first ten months of 1990 Anchorage gained more than 4,000 jobs over the solid growth in 1989.

The last sector in Anchorage's economy to recover from the 1986-88 recession was the finance, insurance and real estate industry. However, most portions of this industry managed to eke out growth in 1990. The Anchorage housing market continues to improve. Through October, building permits for new single family homes were more than double what they were in 1989. Also in October, the Alaska Housing Finance Corporation (AHFC), which bore a huge financial brunt from Anchorage foreclosures, announced a profit for fiscal year 1990 after two years of losses.

Other positive news came from Anchorage's military establishment. The Air Force announced they will station another F-15 squadron at Elmendorf. This means 930 additional military personnel

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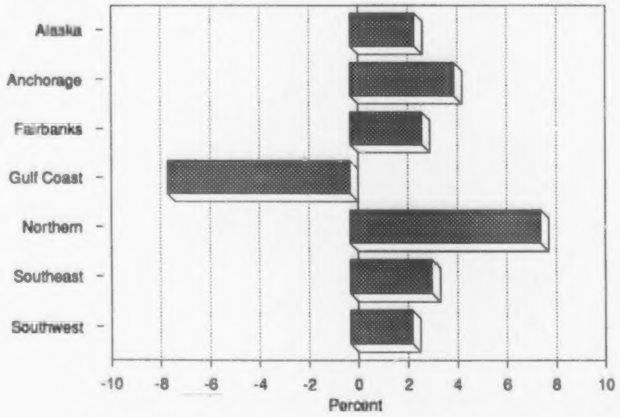
Figure • 3

Employment Growth Rates
Ten Month Averages, 1990 vs. 1989



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/	Changes from:		
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	111,500	113,000	108,200	-1,500	3,300
Goods-producing	12,150	13,000	11,350	-850	800
Mining	3,700	3,750	3,550	-50	150
Construction	6,250	6,800	5,800	-550	450
Manufacturing	2,200	2,450	2,000	-250	200
Service-producing	99,350	100,000	96,850	-650	2,500
Transportation	10,700	10,900	10,450	-200	250
Trucking & Warehousing	1,400	1,550	1,400	-150	0
Water Transportation	300	250	300	50	0
Air Transportation	3,950	4,100	3,950	-150	0
Communications	2,000	1,950	1,850	50	150
Trade	26,650	27,050	26,050	-400	600
Wholesale Trade	6,250	6,350	6,050	-100	200
Retail Trade	20,400	20,700	20,000	-300	400
Gen. Merch. & Apparel	2,900	2,900	2,900	0	0
Food Stores	3,100	3,300	3,150	-200	-50
Eating & Drinking Places	8,050	8,200	7,850	-150	200
Finance-Ins. & Real Estate	6,850	6,950	6,800	-100	50
Services & Misc.	27,800	27,950	27,100	-150	700
Hotels & Lodging Places	2,450	2,450	2,350	0	100
Government	27,350	27,150	26,450	200	900
Federal	10,300	10,350	10,250	-50	50
State	8,100	8,050	7,750	50	350
Local	8,950	8,750	8,450	200	500

Fairbanks North Star Borough

	p/	r/	Changes from:		
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	28,050	29,250	27,300	-1,200	750
Goods-producing	2,700	3,000	2,650	-300	50
Mining	200	250	200	-50	0
Construction	1,950	2,150	1,900	-200	50
Manufacturing	550	600	550	-50	0
Service-producing	25,350	26,250	24,650	-900	700
Transportation	2,100	2,200	1,950	-100	150
Trucking & Warehousing	500	550	450	-50	50
Air Transportation	400	400	350	0	50
Communications	200	200	250	0	-50
Trade	6,050	6,600	5,850	-550	200
Wholesale Trade	800	800	700	0	100
Retail Trade	5,250	5,800	5,150	-550	100
Gen. Merch. & Apparel	600	600	650	0	-50
Food Stores	850	850	850	0	0
Eating & Drinking Places	1,850	2,450	1,750	-600	100
Finance-Ins. & Real Estate	900	950	900	-50	0
Services & Misc.	6,150	6,350	5,900	-200	250
Government	10,150	10,150	10,050	0	100
Federal	3,000	3,100	3,100	-100	-100
State	4,400	4,300	4,300	100	100
Local	2,750	2,750	2,650	0	100

Anchorage-MatSu Region

	p/	r/	Changes from:		
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	118,800	120,350	115,350	-1,550	3,450
Goods-producing	12,700	13,500	11,800	-800	900
Mining	3,850	3,900	3,650	-50	200
Construction	6,550	7,050	6,050	-500	500
Manufacturing	2,300	2,550	2,100	-250	200
Service-producing	106,100	106,850	103,550	-750	2,550
Transportation	11,500	11,750	11,250	-250	250
Trade	28,350	28,800	27,800	-450	550
Finance-Ins. & Real Estate	7,250	7,350	7,200	-100	50
Services & Misc.	29,100	29,300	28,400	-200	700
Government	29,900	29,650	28,900	250	1,000
Federal	10,450	10,500	10,350	-50	100
State	8,850	8,800	8,600	50	250
Local	10,600	10,350	9,950	250	650

Interior Region

	p/	r/	Changes from:		
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	32,150	33,700	31,550	-1,550	600
Goods-producing	3,000	3,300	2,900	-300	100
Mining	350	400	300	-50	50
Construction	2,050	2,250	2,000	-200	50
Manufacturing	600	650	600	-50	0
Service-producing	29,150	30,400	28,650	-1,250	500
Transportation	2,350	2,550	2,200	-200	150
Trade	6,450	7,100	6,250	-650	200
Finance-Ins. & Real Estate	950	1,000	950	-50	0
Services	6,750	7,100	6,500	-350	250
Government	12,650	12,650	12,750	0	-100
Federal	3,600	3,800	3,750	-200	-150
State	4,650	4,650	4,600	0	50
Local	4,400	4,200	4,400	200	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	32,900	35,800	33,050	-2,900	-150
Goods-producing	6,500	7,850	6,900	-1,350	-400
Mining	350	350	300	0	50
Construction	1,300	1,350	1,300	-50	0
Manufacturing	4,850	6,150	5,300	-1,300	-450
Durable Goods	2,800	3,000	3,200	-200	-400
Lumber & Wood Products	2,650	2,850	3,050	-200	-400
Nondurable Goods	2,050	3,150	2,100	-1,100	-50
Seafood Processing	950	2,050	1,050	-1,100	-100
Pulp Mills	900	900	900	0	0
Service-producing	26,400	27,950	26,150	-1,550	250
Transportation	2,350	2,700	2,400	-350	-50
Trade	5,500	5,800	5,200	-300	300
Wholesale Trade	700	700	600	0	100
Retail Trade	4,800	5,100	4,600	-300	200
Finance-Ins. & Real Estate	1,100	1,150	1,100	-50	0
Services & Misc.	5,100	5,550	5,150	-450	-50
Government	12,350	12,750	12,300	-400	50
Federal	2,200	2,400	2,150	-200	50
State	5,400	5,550	5,550	-150	-150
Local	4,750	4,800	4,600	-50	150

Gulf Coast Region

	p/	r/		Changes from:	
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	21,750	24,450	22,350	-2,700	-600
Goods-producing	5,250	6,900	5,250	-1,650	0
Mining	950	950	900	0	50
Construction	1,100	1,200	1,200	-100	-100
Manufacturing	3,200	4,750	3,150	-1,550	50
Seafood Processing	2,100	3,650	2,100	-1,550	0
Service-producing	16,500	17,550	17,100	-1,050	-600
Transportation	1,700	1,750	2,150	-50	-450
Trade	3,700	4,000	3,700	-300	0
Wholesale Trade	500	550	500	-50	0
Retail Trade	3,200	3,450	3,200	-250	0
Finance-Ins. & Real Estate	550	600	550	-50	0
Services & Misc.	4,200	4,950	4,200	-750	0
Government	6,350	6,250	6,500	100	-150
Federal	600	650	600	-50	0
State	1,900	2,000	2,100	-100	-200
Local	3,850	3,600	3,800	250	50

Northern Region

	p/	r/		Changes from:	
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	15,100	15,400	14,450	-300	650
Goods-producing	6,500	6,800	6,000	-300	500
Mining	5,700	5,750	5,400	-50	300
Service-producing	8,600	8,600	8,450	0	150
Government	4,550	4,450	4,500	100	50
Federal	300	300	250	0	50
State	350	350	350	0	0
Local	3,900	3,800	3,900	100	0

Southwest Region

	p/	r/		Changes from:	
	10/90	9/90	10/89	9/90	10/89
Total Nonag. Wage & Salary	14,350	15,450	14,250	-1,100	100
Goods-producing	3,400	4,550	3,300	-1,150	100
Seafood Processing	2,750	3,900	2,800	-1,150	-50
Service-producing	10,950	10,900	10,950	50	0
Government	6,400	6,200	6,550	200	-150
Federal	1,400	1,400	1,400	0	0
State	550	550	550	0	0
Local	4,450	4,250	4,600	200	-150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 10/90	r/ 9/90	10/89	p/ 10/90	r/ 9/90	10/89	p/ 10/90	r/ 9/90	10/89
Mining	$1,081.10	$1,204.54	$1,039.90	47.5	52.6	46.8	$22.76	$22.90	$22.22
Construction	1,152.33	1,217.92	1,097.47	46.9	48.6	45.9	24.57	25.06	23.91
Manufacturing	566.29	533.39	542.14	41.7	41.9	39.4	13.58	12.73	13.76
Seafood Processing	386.78	380.79	325.08	40.8	41.3	36.0	9.48	9.22	9.03
Trans., Comm. & Utilities	566.77	600.83	644.47	33.3	35.7	38.8	17.02	16.83	16.61
Trade	414.61	429.95	396.17	34.9	36.1	34.6	11.88	11.91	11.45
Wholesale	588.53	565.56	546.06	40.2	39.8	38.7	14.64	14.21	14.11
Retail	357.23	382.10	346.61	33.2	34.8	33.2	10.76	10.98	10.44
Finance-Ins. & R.E	388.16	409.06	407.00	33.9	36.2	36.7	11.45	11.30	11.09

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

and 47 new civilian jobs by next fall, according to the military. Still being looked at is the amount of new construction needed for support facilities for the new squadron. Whether or not new base housing is built, the incoming military and their dependents would make a considerable dent in soaking up any excess housing in Anchorage (if, indeed, any remains).

Services, Transportation Expand in Fairbanks

The Fairbanks real estate market is also doing well. Rents for houses and apartments are rising, as is the average asking price for single-family homes. Overall, Fairbanks' economy is growing at close to 3% above 1989, based on the first ten months of the year. (See Figure 3.)

The services industry, whose fortunes can rise and fall with population fluctuations, is showing some of the strongest growth. However, anticipated new jobs in Fairbanks' hotel sector were pushed a year farther down the road by Princess Tours' announcement of a one-year delay for their new facility. Negotiations continue with the Alaska Railroad for a building site; other locations in Fairbanks are also under consideration.

Another industry largely dependent on population size, retail trade, also showed growth through October in spite of the closing of Nordstrom. This is the time of year when Alaskans receive their Permanent Fund dividend checks, which helps to boost retail sales.

Fairbanks' transportation industry is also growing. Lufthansa's cargo flights to the Orient began stopping in Fairbanks this fall, and airport officials hope to expand this sector.

Pollock Reaches Peak in Southwest

The mainstay of this region's economy, the fishing industry, reached a dubious "first" in October. For the first time ever, factory trawlers harvested the quota of pollock in the Bering Sea. By mid-October, the National Marine Fisheries Service halted pollock fishing in the area. This offered evidence that the American factory trawler fleet has reached its limit. Stagnant employment figures for seafood processing, which includes shorebased but very few floating processors, also points to a maximization of harvesting in this region.

Meanwhile, researchers at Kodiak's Fishery Industrial Technology Center had encouraging news in their search for a substitute for pollock to process into surimi. They finished their first batch of surimi processed from arrowtooth flounder, which is one of the most abundant of North Pacific bottomfish. If pollock is or becomes overharvested, arrowtooth flounder might become a viable substitute for making surimi.

Other good news for the Southwest region came out of Bristol Bay, where the red king crab fishery has made a comeback since stocks crashed in the early 1980s. This season's harvest was almost double last year's; the catch was estimated at $85 million.

Southeast Registers Employment Decline in October

Southeast Alaska employment registered a decline in October. (See Table 2.) Although small, -.2%, or 50 jobs, it was the first time there were fewer jobs than the same month the previous year since September of 1987. Job loss in the lumber and seafood industries accounted for the slowdown. Southeast's lumber industry has been in decline throughout 1990, but until October growth in other industries managed to more than make up for these losses.

Southeast Alaska's strong ties to the manufacturing industry contribute to interesting regional differences in Alaska's economy. Southeast Alaska tends to behave in concert with the national economy while most other regions run contrary to current national trends. For example, in the early 1980s Alaska experienced a boom while the national economy was in a recession. The Anchorage and statewide economies were gaining jobs at the rate of 6-10% a year during Alaska's boom, while Southeast's growth was less than 3% annually. As is the current case, the wood products industry was the drag on Southeast's economy in those years.

The resurgence of hard rock mining in Southeast may provide a buffer for the current downturn in the timber industry. However, a planned molybdenum mine at Quartz Hill near Ketchikan will not be a contributor. U.S. Borax shelved the project in October after their permit application was denied. Meanwhile, debate continues on development of the Windy Craggy mine near Haines.

Summary: Economy Exhibits Growth in Spite of Seasonal Losses

Alaska experienced a seasonal loss of jobs from September to October, an annual occurrence as summer's boom fades into fall. However, the economy continued gaining jobs when compared to the previous year, and the unemployment rate stayed at a relatively low 6.4%.

All regions of the state showed employment gains from October 1989 except two. In Gulf Coast, comparisons are still clouded by 1989's short-lived jobs associated with the oil spill cleanup. In Southeast, an ailing wood products industry was the only damper on an otherwise healthy economy.

A look at employment growth for the first ten months of 1990 shows Anchorage gaining more than 4,000 jobs over 1989. Anchorage's improving economy, along with a better housing market, was one factor that allowed the Alaska Housing Finance Corporation to post a profit in 1990, the first since 1987. Fairbanks is also seeing an improving housing market and overall job growth of almost 3% for the first ten months of 1990, with the services sector showing the strongest growth.

In spite of a usual employment loss at this time of year, Alaska's economy continued posting job gains over 1989 in every industry and in almost every region. With a strong holiday season expected, the year should finish with a growth rate of 2-3%.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 10/90	r/ 9/90	10/89	p/ 10/90	r/ 9/90	10/89	p/ 10/90	r/ 9/90	10/89	p/ 10/90	r/ 9/90	10/89
Alaska Statewide	257,656	259,692	253,175	16,562	16,527	16,247	6.4%	6.4%	6.4%	241,094	243,165	236,928
Anch.-MatSu Region	134,993	132,828	131,201	7,561	7,830	7,486	5.6	5.9	5.7	127,432	124,998	123,715
Municipality of Anchorage	119,445	117,562	115,939	5,847	6,164	5,723	4.9	5.2	4.9	113,598	111,398	110,216
MatSu Borough	15,548	15,266	15,262	1,714	1,666	1,763	11.0	10.9	11.6	13,834	13,600	13,499
Gulf Coast Region	28,029	30,283	28,520	2,520	2,535	2,513	9.0	8.4	8.8	25,509	27,748	26,007
Kenai Peninsula Borough	17,600	18,916	17,712	1,970	1,914	1,777	11.2	10.1	10.0	15,630	17,002	15,935
Kodiak Island Borough	6,156	6,756	6,489	200	278	417	3.2	4.1	6.4	5,956	6,478	6,072
Valdez-Cordova	4,273	4,611	4,319	350	343	319	8.2	7.4	7.4	3,923	4,268	4,000
Interior Region	37,165	37,429	36,226	3,065	2,869	2,838	8.2	7.7	7.8	34,100	34,560	33,388
Fairbanks North Star Bor.	32,073	32,387	31,268	2,505	2,421	2,318	7.8	7.5	7.4	29,568	29,966	28,950
Southeast Fairbanks	2,129	2,100	2,035	240	185	185	11.3	8.8	9.1	1,889	1,915	1,850
Yukon-Koyukuk	2,963	2,942	2,923	320	263	335	10.8	8.9	11.5	2,643	2,679	2,588
Northern Region	8,623	8,507	8,344	565	640	558	6.6	7.5	6.7	8,058	7,867	7,786
Nome	3,155	3,141	3,055	208	264	207	6.6	8.4	6.8	2,947	2,877	2,848
North Slope Borough	3,155	3,069	3,073	107	93	128	3.4	3.0	4.2	3,048	2,976	2,945
Northwest Arctic Borough	2,313	2,297	2,216	250	283	223	10.8	12.3	10.1	2,063	2,014	1,993
Southeast Region	36,117	37,597	36,140	2,256	1,995	2,279	6.2	5.3	6.3	33,861	35,602	33,861
Haines Borough	881	909	875	76	63	70	8.6	6.9	8.0	805	846	805
Juneau Borough	16,113	16,910	16,135	800	810	822	5.0	4.8	5.1	15,313	16,100	15,313
Ketchikan Gateway Bor.	6,760	7,017	6,726	485	419	451	7.2	6.0	6.7	6,275	6,598	6,275
Pr. of Wales-Outer Ketch.	2,743	2,826	2,766	246	200	269	9.0	7.1	9.7	2,497	2,626	2,497
Sitka Borough	4,210	4,350	4,184	221	156	195	5.2	3.6	4.7	3,989	4,194	3,989
Skagway-Yakutat-Angoon	1,736	1,807	1,737	177	168	178	10.2	9.3	10.2	1,559	1,639	1,559
Wrangell-Petersburg	3,674	3,778	3,717	251	179	294	6.8	4.7	7.9	3,423	3,599	3,423
Southwest Region	12,729	13,048	12,744	595	658	573	4.7	5.0	4.5	12,134	12,390	12,171
Aleutians East Borough	896	917	906	8	10	15	0.9	1.1	1.7	888	907	891
Aleutians West	2,514	2,571	2,530	25	30	34	1.0	1.2	1.3	2,489	2,541	2,496
Bethel	4,899	5,020	4,876	300	324	263	6.1	6.5	5.4	4,599	4,696	4,613
Bristol Bay Borough	492	506	491	23	27	20	4.7	5.3	4.1	469	479	471
Dillingham	2,282	2,324	2,323	85	80	119	3.7	3.4	5.1	2,197	2,244	2,204
Wade Hampton	1,646	1,710	1,618	154	187	122	9.4	10.9	7.5	1,492	1,523	1,496

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

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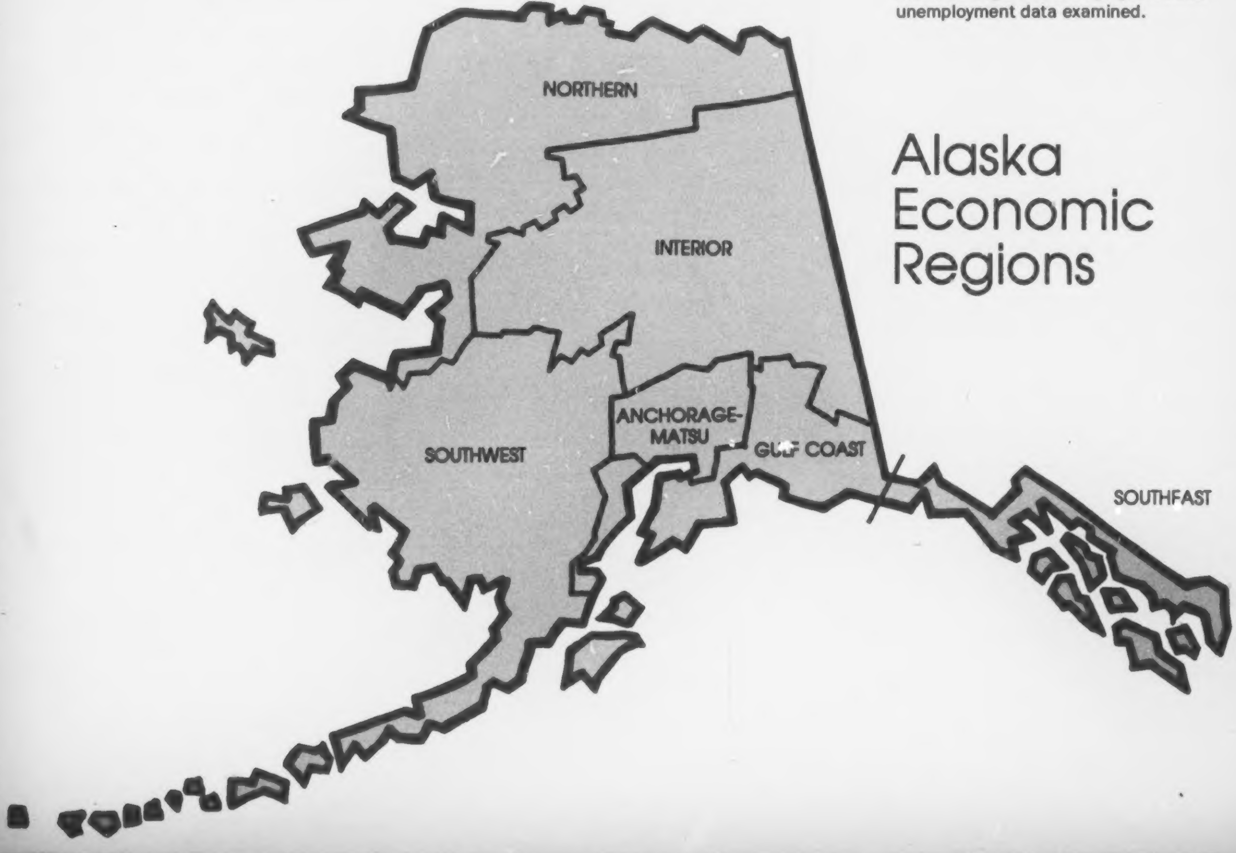

Alaska Economic Regions

ALASKA ECONOMIC

TRENDS

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ABCDEFGHI

February 1991

A TEACHER SHORTAGE?

OCCUPATIONAL OUTLOOK TO 1994

NOVEMBER UNEMPLOYMENT CREEPS UP

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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February 1991
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Number 2

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MADE IN ALASKA

Is There A Teacher Shortage In Alaska?

By Neal Fried and Holly Stinson

Neal Fried and Holly Stinson are labor economists with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. They are based in Anchorage.

The simplistic response to the question "Is there a teacher shortage in Alaska?" is no. But in reality, this topic is too complicated to answer in such a casual fashion.

What Constitutes a Shortage?

According to the classical definition of an occupational shortage, a teacher shortage exists when there is an insufficient quantity of people to fill teaching positions at existing salaries. Using this definition a "teacher shortage" does not exist in Alaska. However, it is necessary to go beyond this naive conclusion because the teaching profession is so diverse, and the conditions of employment vary. In Alaska, geographic location and cultural differences are two examples of these varying conditions.

Urban and Rural School Districts Were Surveyed

To capture some of this diversity a survey was conducted of 37 school districts representing 87% of the state's public primary and secondary teachers. The districts were divided into three groups: those in urban communities (greater than 2,500 population) on the road system, those in smaller communities on the road system, and those in communities (of any size) not connected to the road system. Communities served by the Alaska Marine Highway were considered to be on the road system. Survey results from the small road-connected communities were similar to the urban communities, so most of the discussion emphasis will concentrate on the different experiences of the urban versus rural school districts.

Complementing the survey was Alaska Teacher Placement Bureau data from the University of Alaska-Fairbanks. We also gathered Alaska Department of Education statistics, along with local and national literature on the subject.

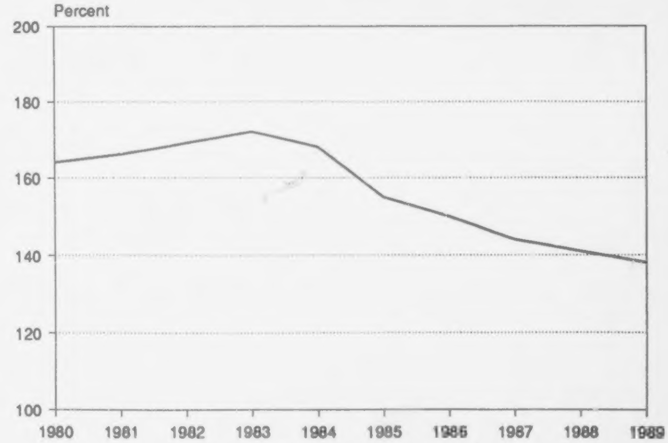
Urban Alaska Is Swamped By Teaching Applicants

When a teaching position becomes available in most urban school districts, they are inundated by applicants. Few of the urban districts have difficulty filling positions. They generally enjoy low turnover and most have a large local pool of certified teachers to choose from.

Anchorage, a school district with 2,400 teachers, typically has 70 openings for teachers per year. During the past year the number of openings climbed to 200; 125 of these openings occurred because of the early retirement program. There was also a fallow three-year period in the 1980s when there were only 10 openings for secondary teachers in the entire school district. When open-

Figure • 1

Average Teacher Salaries In Alaska As Percentage of National Average



Source: National Education Association.

Table • 1

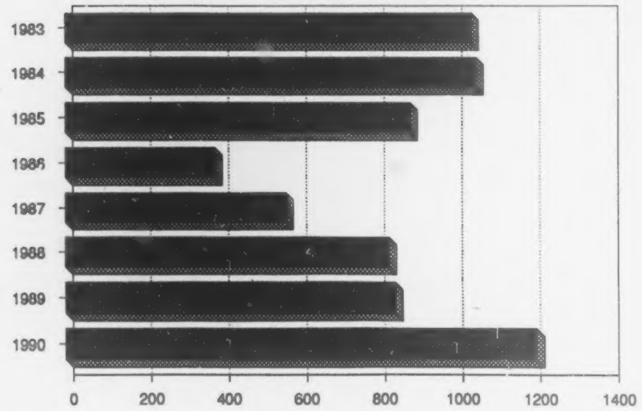
Average Teacher Salaries in Alaska by Region, 1989

Southeast	$39,314
Southcentral	$40,250
Southwest	$42,074
Interior	$42,332
Northwest	$45,797
Alaska	$41,325

Source: Association of Alaska School Boards.

Figure • 2

Openings for Teachers in Alaska's Public Schools



Source: Alaska Teacher Placement Bureau.

ings occur in Anchorage there is a local pool of 1,500 certified teachers to choose from. To become a school teacher in the Anchorage School District appears almost analogous to an actor attempting to become a movie star.

The stories of other urban school districts may not be quite as dramatic but their accounts are not much different. For example, the Fairbanks North Star Borough School District has 1,200 applications on file. The Kenai Peninsula Borough School District had 5,000 applications for 173 openings for the 1990-91 school year. Even a smaller district such as Skagway collected more than 1,800 unsolicited applications during the last year.

Some Teachers in Short Supply

Some urban school districts did have trouble recruiting for certain specialties. Most urban and smaller districts had difficulty finding qualified counselors, special education teachers and speech pathologists. And a number of urban school districts felt there was a shortage of minority candidates. Most of these specialty-specific shortages occur across all districts in Alaska and, in many cases, across the nation as well.

It was, however, equally surprising that computer, math and science teachers did not very often make the shortage list in the urban and smaller school districts. In one national study, Alaska was only one of five states that reported surpluses in these specialties.

The reason why there is no shortfall in these particular disciplines is the same reason why an overall teacher surplus exists in Alaska. For several years a positive climate for Alaska's educational establishment has prevailed vis-a-vis the rest of the nation. Teachers' salaries have consistently been higher in Alaska than the national average. (See Figure 1 and Table 1.) Benefits, such as retirement after 20 years of teaching, also tend to be more generous. Other pluses include relatively well-funded schools and growing enrollments. These factors have all helped create a healthy, attractive climate for teachers in Alaska's urban school districts.

The Story Is Different in Rural Alaska

On the surface the findings in rural districts were not altogether different from the urban school districts. When questioned whether there was a teacher shortage, only three rural schools surveyed felt one existed. Nearly all the school districts were able to fill their teacher openings and start the year out fully staffed.

However, recruiting and retaining teachers is a different story in rural Alaska. Rural districts have a higher turnover for teachers than urban districts. According to the survey, the rural school districts replaced approximately 20% of their teachers each year. This compares to 8% in urban and 9% in smaller districts. Many teachers leave after only a few years of teaching. The longevity for rural teachers is 6.9 years compared to 11.3 years in urban districts. Numerous teachers use their experience in rural Alaska as a stepping-stone to jobs in urban districts. For example, some rural school districts did not directly lose any teachers because of the early retirement program but they did lose teachers who left to fill openings that occurred in urban Alaska as a result of the program. Some observers commented that a cadre of teachers also move from one rural school district to another in almost gypsy-like fashion. Because of the higher turnover rate in rural school districts, a proportionately larger number of teachers have to be found each year.

Many Reasons Exist For Rural Alaska's High Teacher Turnover

The small size and isolation of many of the communities in rural school districts contribute to high teacher turnover. The lack of a career ladder frustrates some teachers. A shortage of housing can also be a problem. The stress that results from the meeting of two cultures must also be factored in. For these reasons many teachers find rural Alaska a difficult environment to teach in. At the same time, because of this tougher environment, one could argue that a more experienced teacher work force is needed in rural Alaska.

So, although a "teacher shortage" may not exist in the classical sense, a "revolving door" problem does in many districts. And one could make the argument that there is a shortage of committed educators with the needed experience in many rural school districts.

Shortages Are More Intense In Rural Districts

The rural school districts experienced the same spot shortages as their urban counter parts but with greater intensity. In urban districts it was "difficult " to find a speech pathologist but for a rural district it was "very difficult". Because of the small size of many rural schools, they frequently look for teachers certified in more than one area. These teachers are more difficult to find, especially one certified in the two particular specialties that a district might need.

Table • 2

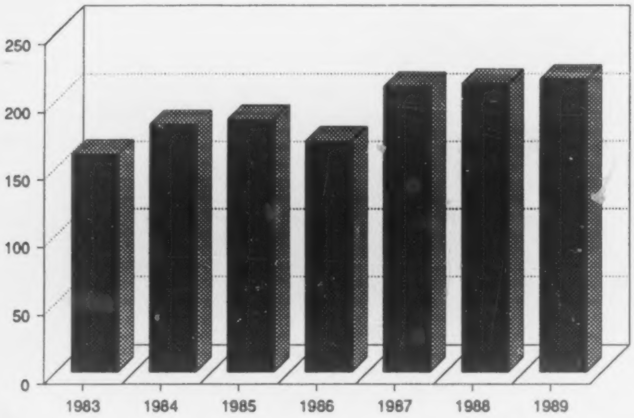
Average Teacher Salaries by State 1980-81 to 1989-90

	1980-81	1989-90	Change	1989 of U.S. Avg.
U.S.	18,409	31,304	70%	100%
Alabama	15,506	25,500	64	81
ALASKA	30,270	43,153	43	138
Arizona	17,800	29,600	66	95
Arkansas	13,670	22,009	61	70
California	20,965	38,996	86	125
Colorado	21,005	30,700	46	98
Connecticut	18,100	40,496	124	129
Delaware	18,797	33,480	78	107
District of Columbia	23,640	36,450	54	116
Florida	16,193	28,525	76	91
Georgia	16,218	27,892	72	89
Hawaii	22,070	32,047	45	102
Idaho	15,650	23,494	50	75
Illinois	20,150	33,014	64	105
Indiana	17,973	30,493	70	97
Iowa	16,610	26,747	61	85
Kansas	15,975	28,671	79	92
Kentucky	16,540	26,275	59	84
Louisiana	16,700	22,993	38	73
Maine	14,501	26,881	85	86
Maryland	19,863	36,092	82	115
Massachusetts	24,973	34,225	37	109
Michigan	21,012	36,010	71	115
Minnesota	18,585	32,190	73	103
Mississippi	13,477	24,363	81	78
Missouri	15,994	27,229	70	87
Montana	16,560	25,081	51	80
Nebraska	15,659	24,751	58	79
Nevada	21,590	30,587	42	98
New Hampshire	13,780	28,939	110	92
New Jersey	19,140	36,030	88	115
New Mexico	17,610	25,120	43	80
New York	21,550	38,800	80	124
North Carolina	16,175	27,814	72	89
North Dakota	14,356	23,016	60	74
Ohio	17,640	21,170	20	68
Oklahoma	15,662	23,070	47	74
Oregon	18,176	30,563	68	98
Pennsylvania	18,550	32,809	77	105
Rhode Island	20,302	36,057	78	115
South Carolina	15,030	27,076	80	86
South Dakota	14,410	21,300	48	68
Tennessee	15,395	27,052	76	86
Texas	16,261	27,502	69	88
Utah	17,537	23,652	35	76
Vermont	13,654	28,798	111	92
Virginia	16,209	30,926	91	99
Washington	22,277	30,475	37	97
West Virginia	15,658	22,842	46	73
Wisconsin	17,972	32,320	80	103
Wyoming	19,290	28,184	46	90

Source: National Education Association.

Figure • 3

Education Graduates from University of Alaska



Source: University of Alaska.

Most of the school districts also feel there are not enough Native teacher applicants. Only 3.2% of public school teachers are Alaska Natives while 21.8% of students are Alaska Natives. School districts would like to see a higher ratio of Native teachers to students not only to bring this ratio more in line, but also because they believe it would help them solve some of their turnover problems. There is also the more nebulous topic of quality teachers. A number of small districts felt it was difficult for them to find qualified (as opposed to simply certified) teaching staff.

Recruiting Is A Major Effort For Rural School Districts

If the amount of effort expended recruiting teachers could be quantified, rural districts would be at the very top of the scale. Nearly 47% of the rural districts felt they had a moderate to very difficult time finding replacements each year compared to 18% in urban districts and 17% in small districts.

The rural districts seldom have a large local pool of qualified teachers to choose from. Only 37% of the rural school districts indicated they had a local pool to select from versus 64% in urban districts and 100% in small districts. This means they either have to go elsewhere in the state or out-of-state to find qualified teachers. According to the survey, rural districts had to hire far more teachers outside the state than urban Alaska. All the districts surveyed had to recruit out-of-state for some of their specialized positions.

The big events of the year for teacher recruiting are the Teacher Job Fairs sponsored by the Alaska Teacher Placement (ATP) Program of the University of Alaska-Fairbanks. These fairs are a clearinghouse for the placement of teachers and other educators throughout the state, with an emphasis on rural districts. Potential education candidates from around the state and country, and most school districts in Alaska, are represented. In 1989 ATP referred 844 candidates to local school districts during their two job fairs. ATP also acts as a clearinghouse throughout the year. Repeatedly, rural districts mentioned ATP as their main vehicle in finding teachers. For the school year 1990-91, ATP placed 74% of the 500 new hires in rural districts.

Several of the rural school districts also start recruiting early in the year to be assured of a full complement of teachers for the following school year. For example, the Northwest Arctic Borough school district tried to offer contracts to prospective teachers earlier than most of the other districts this past year to improve their odds. Many of the rural districts also mentioned that when a vacancy occurred in mid-year they had a great deal of difficulty finding a replacement.

Possible Solutions to Specialty Shortages and High Turnover

Most of Alaska's school districts have no need for immediate solutions to combat teacher shortages because the problem does not exist. For reasons already described, Alaska is usually able to attract enough teachers to avert shortages.

For specialties that all the districts are having difficulty filling, higher pay or some other incentives may provide a short-term solution. Most of the specialties in this group represent areas where the demand has increased dramatically in the recent past. Therefore, it may be a function of the supply catching up with the demand, more so than a need to provide additional incentives.

Solutions to the problem of a high turnover rate in rural districts are more complex. Professor Judith Kleinfeld, a researcher with the University of Alaska, points out "the most obvious way to get teachers into rural communities who will like living there and who will get along well is to prepare as teachers people from the communities who want to teach there". Kleinfeld goes on to say "despite extensive programs and millions of dollars spent to accomplish this, the yield in numbers of Native teachers has been low". This is despite the fact that there are often few salaried jobs in these communities, and of these few jobs teaching positions are among the highest-paying. Kleinfeld believes more information is needed to assess the reasons for the lack of Native teachers.

Another point often made is that teachers without any rural Alaskan experience should be better prepared for village life and the special needs of small schools before they enter this environment.

Other possible solutions could include higher pay, merit pay and better benefits. Many rural school districts already pay higher salaries than the urban districts. (See Table 2.) These solutions would be expensive for these districts that are already dealing with a high cost delivery system. Some feel that if the certification process were liberalized there might be a larger local pool of teachers to choose from. Others feel that if teacher training could be brought closer to these communities the local supply of teachers would grow.

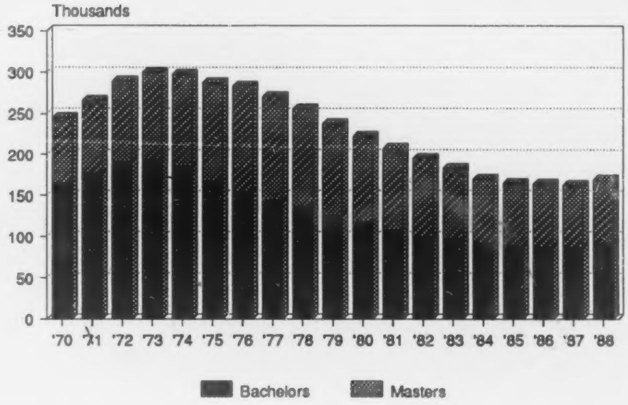
In an attempt to alleviate the problem in rural Alaska, the University of Alaska-Fairbanks began its Cross Cultural Education program in 1970. The program, known as XCED, has given rural Alaskans the opportunity to acquire an education degree without leaving their community. An overwhelming majority of XCED graduates become rural teachers, but their total number (approximately 150 since the program began) is small enough to have only made a dent in the problem.

Will Teacher Shortages Plague Alaska In The Future?

For the past decade predictions of teachers shortages were made in Alaska and nationally, but they failed to materialize. During the past three years several districts were concerned the early retirement program would cause shortages. The number of positions did climb but shortages didn't result. (See Figure 2.) Although 70% of the districts don't anticipate shortages in the future, some educators are concerned that shortages could become common.

Figure • 4

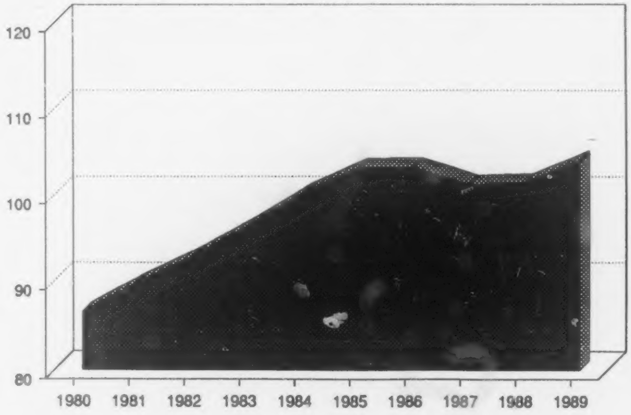
Education Degrees Awarded In United States



Source: U.S. Department of Education.

Figure • 5

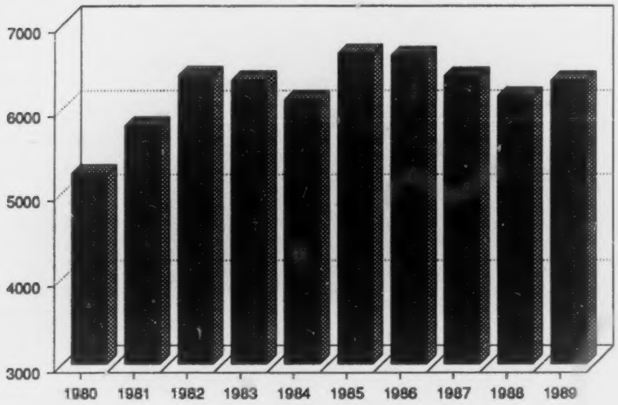
Students In Alaska's Public Schools



Source: Alaska Department of Education.

Figure • 6

Public School Teachers in Alaska



Source: U.S. Department of Education.

One reason often cited why the supply may decline is the shrinking teacher salary differential between Alaska and other states. During the past five years teacher salaries increased much more rapidly elsewhere in the country than in Alaska, causing the differential to shrink. (See Figure 1.) Tight budgets in Alaska kept teacher salaries in check, while a strong education reform movement helped boost teacher compensation elsewhere in the nation. Over the past decade Alaska's teacher salaries grew 43% versus 70% nationwide. (See Table 1.) The Alaskan teacher salary differential and benefit package remain substantially higher than the national average, but if this trend continues Alaska's competitive position will weaken.

Another concern often cited is that the pool of teachers may become smaller. Four years ago this could have been a legitimate concern but this trend has reversed itself both in Alaska and around the nation. The number of students enrolled in the University of Alaska's education department is increasing. More students are graduating with education degrees, both from the University of Alaska and nationwide. (See Figures 3 and 4.) This probably comes from an increase in salaries, the education reform movement and a growing awareness of the profession.

This does not take into account the group of former teachers out in the labor market working elsewhere or raising families. There is a large group trained to teach who never taught. According to *American Education* this number may be as high as 40%. The Alaska Department of Education maintains over 25,000 education certificates of various types are on file. Yet there were fewer than 8,000 certified staff in Alaska's public schools in 1989.

On the demand side there is the prospect of a growing school enrollment. Given the present demographics of Alaska, school enrollments should continue to climb steadily, particularly in the primary grades. This is not a certainty, however, it depends on how Alaska's economy performs. For example, Alaska's school enrollment dropped in 1987 because of the recession. (See Figure 5.) The number of teachers also fell. (See Figure 6.) This is not necessarily the case in rural Alaska though, because rural population totals are not quite as sensitive to economic conditions.

Summary: Alaska Should Have Enough Teachers, but Rural Areas Will Struggle to Find & Keep Them

Given the current supply of teachers and what appears to be the future supply prospects, Alaska should continue to be able to meet most of its teacher needs. There is reason for concern that rural districts could begin to have problems if their compensation differential continues to narrow. Rural districts will also continue to struggle with a high turnover unless solutions are found.

The supply/demand picture of any profession is affected by many factors — the job market prospects of other occupations, the health of the state or national economy, the status of the occupation, budgets, and demographics. Because these factors are always in flux, there is no sure answer to the question of whether teacher supply will meet demand in the future.

Occupational Outlook through 1994

by Brynn Keith

Alaska's economy, based on raw resource extraction but striving for diversity, presents a challenge to today's professionals who rely on labor market information in planning for the future. Educators must plan the curricula that develop Alaska's future inventory of resident job skills. Career counselors and personnel officers must help qualified Alaskans find opportunities in an everchanging workplace that requires the latest in technological skills. Administrators and executives must examine the labor trends in the marketplace for accurate decision making.

Matching the skills of Alaska's workers with the labor needs of Alaska's business community has long been a concern to educators and policymakers. The Alaska Department of Labor (AKDOL) annually publishes a comprehensive report on the subject. The industry and occupation forecasts used in this analysis are based on 1989 data. This article highlights some of the information contained in the most recent report, *Alaska Industry/Occupation Outlook to 1994*, released in January.

Alaska Economic Overview

The demand for specific occupations and job skills depends on the health and direction of Alaska's economy. The basic health of Alaska's economy coupled with the oil spill activity created labor shortages in some occupational categories. This is a substantial change from the high unemployment rates and fast paced population exodus experienced during the last several years.

Alaska's economy was recovering before the oil spill. Overall, a 1.3% annual employment growth rate from 1989 to 1994 is anticipated. Total employment will grow by more than 15,000 workers during this five year period.

Growth will not be spread evenly across all industry sectors and all areas of the state. The fastest growing industry sectors will be mining, construction and retail trade. Southeast Alaska will have a faster annual growth rate of nearly 2%, as a result of new mining activity in that region.

General Industry Trends In Brief

Alaska's mining industry sector is still dominated by oil. Although oil related employment is expected to grow during the next five years, metal mining will exhibit the fastest growth rate of any industry sector.

Employment growth in the construction industry is expected to increase by 3% per year during the next five years.

The manufacturing industry sector is mostly comprised of seafood processing and timber related

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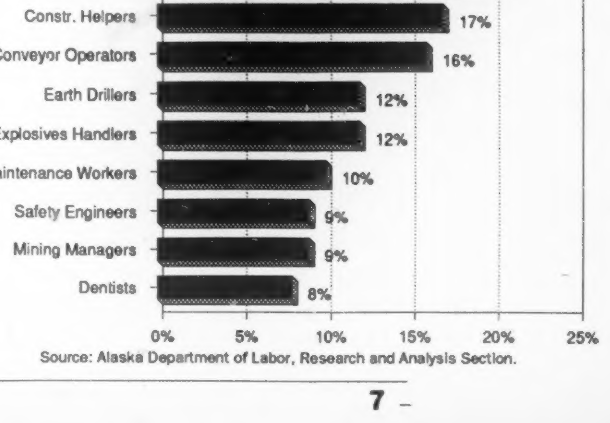
Figure • 1

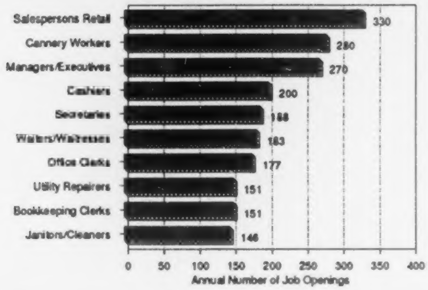
Projected Percentage of Growth 1990-1994
Occupations with Highest Percentages



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

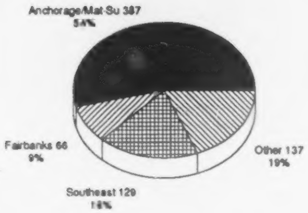
Top 10 Alaska Occupations Projected Growth Per Year (1990-1994)



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 3

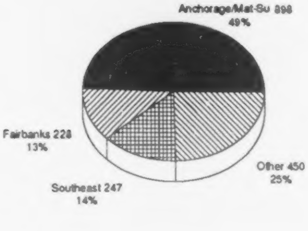
Officers and Managers Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 4

Professional and Technical Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

employment. These two sectors have grown rapidly during the last several years, but slowing growth is anticipated..

There are a number of question marks on the horizon for the timber industry in Alaska. During the five year forecast period, some declines are anticipated in the logging sector.

Transportation industry related employment is expected to grow during the five year forecast period with air transportation comprising the bulk of that growth.

Alaska's civilian government sector makes up approximately 30% of Alaska's wage and salary employment. The government sector is expected to grow at about one-fifth the rate of the total Alaska economy, dragging down the overall Alaska growth rate.

Occupational Employment and Openings to 1994

Most of the job opportunities in Alaska during the next five years are predicted to come from replacing existing workers who permanently leave the labor force, rather than from actual employment growth as a result of increased demand. Replacing workers who retire or die will account for 64% of the annual number of job openings occurring statewide and throughout all industries. Increased demand will account for the remaining 36%.

Annual job openings are estimated to number 9,289 during the five year period 1990 - 1994; 5,868 due to permanent separations and 3,341 due to actual growth or increased demand.

In keeping with the industry forecasts for mining and construction, nine of the top ten occupations with the highest percentage growth in Alaska are mining and construction related. (See Figure 1.)

In contrast, the majority of occupations with the highest projected growth per year are the large occupations that cross industry boundaries; Salespersons, Managers and Executives, Cashiers, and Secretaries, for example. (See Figure 2.)

Almost half of the job openings in Alaska will occur in the Anchorage/MatSu region, the state's largest urban area. These openings will span nearly all occupational categories, reflecting the increased breadth of Alaska's economic base.

Fairbanks is expected to maintain its role as the service center for Alaska's outlying regions due to the number of annual job openings occurring within the Service, and Craft, Operator, & Laborer occupational categories. However, the highest number of annual job openings in the Fairbanks area will continue to go to professional and technical workers.

The occupational picture in Southeast is similar, with the largest number of annual openings occurring within the broad occupational category of Craft, Operator and Laborer. State government employment will maintain its role as a major employer in this region. Consequently, the professional and technical occupations will represent a large segment of employees.

Occupational Trends

In discussing Alaska's occupational forecast, we have broken the labor market into seven major categories, covering the nonmilitary component of the economy. These projections are based on 1989 data, and reflect the economic assumptions made at the time of this forecast.

Officers and Managers

In 1989 officers and managers represented 7.6% of total state employment. No significant changes are predicted during the next 5 years as occupational growth will closely reflect the overall growth of statewide employment.

Manager, administrator and executive occupations, both in Alaska and throughout the nation, are expected to rapidly increase in number. This occupational category in Alaska is estimated to grow by 719 jobs per year for the next 5 years. Thirty-seven percent of this total growth will be due to increased demand, and 63% will be a result of replacing employees who permanently separated from employment. (See Figure 3.)

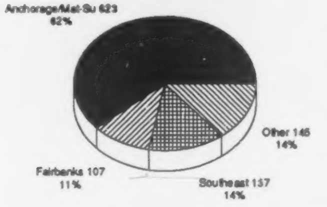
Professional and Technical

Professional and technical workers, represents 21.6% of total employment in Alaska. This occupational category is predicted to grow faster than overall employment throughout the state during the next 5 years. By 1994, professional and technical occupations will comprise 22.5% of employment statewide.

The professional and technical occupational category will increase 6% statewide during the next 5 years. An average of 1,823 job openings will occur annually during this forecast period. Actual growth will account for 33% of these openings, and 67% of the job openings will replace permanent separations. More than 52,000 people are employed in this occupations statewide. (See Figure 4.)

Figure • 5

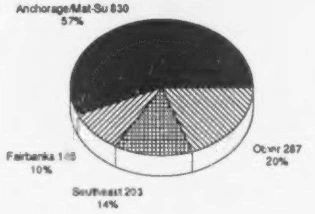
Sales
Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 6

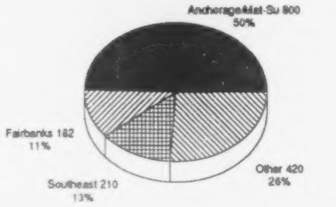
Clerical
Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 7

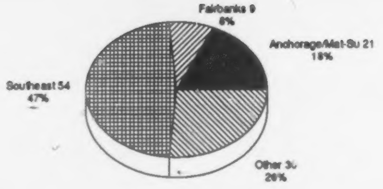
Services
Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 8

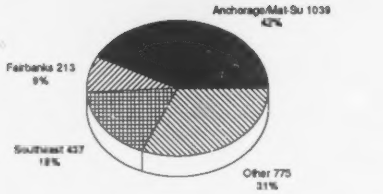
Agriculture and Forestry
Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 9

Crafts, Operators, Laborers
Average Annual Job Openings 1990-1994



Source: Alaska Department of Labor, Research and Analysis Section.

Note: This forecast was produced prior to the recent dramatic increase in oil prices. Please refer to current Alaska Department of Revenue oil price forecasts for revenue estimates. Higher oil revenues may create faster employment growth in Alaska.

Sales

Sales includes nearly 10% of the statewide labor force in 1989, and will generally remain at this level to 1994. This results from actual employment growth corresponding to the level of overall employment growth statewide.

This forecast predicts that 1,012 sales related job openings will occur annually during the next 5 years. Actual growth, or an increase in demand, will account for 42% of these positions, and the remaining 58% of job openings will be the result of replacing permanent separations. (See Figure 5.)

Clerical

The clerical occupational category comprises 18% of employment statewide. It is predicted that this category will decrease slightly its share of statewide employment during the next five years.

An average of 1,465 job openings will occur per year during this forecast, 27% will occur as a result of increased demand. The remainder of job openings or 73% are the result of replacing permanent separations. Clerical employment accounts for 44,000 jobs in Alaska. (See Figure 6.)

Service

Service occupations consist of approximately 16% of statewide employment. The five-year forecast predicts that this percentage will increase slightly.

Projected total growth in service employment will be 1,612 jobs annually. Real growth due to an increase in demand for services will produce 41% of these jobs, and replacing employees due to attrition will account for 59%. (See Figure 7.)

Agriculture and Forestry

The agriculture and forestry occupational category includes only 1.4% of the total employment in Alaska. The five-year forecast predicts that this percentage will remain constant.

It is estimated during the next five years that 114 job openings will occur annually within this occupational category. On an average, 32 of these jobs will be a result of increases in demand, and 82 will occur as a result of replacing employees permanently separating from employment. (See Figure 8.)

Crafts, Operators, Laborers

Jobs in the crafts, operators, laborers occupational category account for nearly 26% of the employment in the state. This level of employment is projected to remain nearly constant during the next five years.

The forecast indicates that 2,464 positions in various occupations within this category will be added each year during the next five years. Increased demand will account for 38% of the new positions, and 62% will account for replacing permanent separations. Nearly 63,000 people are currently employed and included in this largest occupational category in Alaska. (See Figure 9.)

For a detailed discussion of the assumptions used in this analysis, refer to *Alaska Industry/ Occupation outlook to 1994*. This publication is available free through AKDOL's Research and Analysis Section.

November: Unemployment Creeps Up

by John Boucher

Alaska's statewide unemployment rate increased three-tenths of a percentage point in November, rising to 6.7%. The 6.7% rate meant that more than 16,900 Alaskans were unemployed during November. (See Table 4.)

The November unemployment rate continued a pattern that it has followed throughout most of 1990. The statewide rate was above the year ago rate but well below historical levels for that month. Last November the statewide unemployment rate was 6.2%, but typically the rate for November has been in the 8.5-10.5% range. (See Figure 1.)

1990 Another Good Year for Job Seekers

With 1990 behind us, year-end evaluations come into vogue. If the performance of Alaska's labor market during the last year were summed up in a sentence, that sentence would be something like this: While it wasn't quite the bonanza 1989 was, in 1990 the labor market was a pretty good one for Alaskan job seekers.

Table • 1

Nonagricultural Wage and Salary Employment
By Place of Work — Alaska

	p/ 11/90	r/ 10/90	11/89	Changes from: 10/90	Changes from: 11/89
Total Nonag. Wage & Salary	229,000	235,800	223,600	-6,800	5,400
Goods-producing	33,600	37,300	32,400	-3,700	1,200
Mining	11,000	11,100	10,400	-100	600
Construction	10,100	12,200	9,500	-2,100	600
Manufacturing	12,500	14,000	12,500	-1,500	0
Durable Goods	3,600	4,100	4,000	-500	-400
Lumber & Wood Products	2,700	3,200	3,200	-500	-500
Nondurable Goods	8,900	9,900	8,500	-1,000	400
Seafood Processing	5,100	6,100	4,900	-1,000	200
Pulp Mills	900	900	900	0	0
Service-producing	195,400	198,500	191,200	-3,100	4,200
Transportation	19,200	19,900	18,900	-700	300
Trucking & Warehousing	2,400	2,500	2,300	-100	100
Water Transportation	1,200	1,300	1,200	-100	0
Air Transportation	6,500	6,500	6,300	0	200
Communications	3,300	3,300	3,200	0	100
Trade	45,800	46,700	44,400	-900	1,400
Wholesale Trade	8,300	8,600	7,900	-300	400
Retail Trade	37,500	38,100	36,500	-600	1,000
Gen. Merch. & Apparel	6,200	5,800	6,100	400	100
Food Stores	6,600	6,900	6,600	-300	0
Eating & Drinking Places	12,600	13,300	12,300	-700	300
Finance-Ins. & Real Estate	10,700	10,700	10,600	0	100
Services & Misc.	48,400	49,100	46,800	-700	1,600
Hotels & Lodging Places	4,900	5,200	4,500	-300	400
Government	71,300	72,100	70,500	-800	800
Federal	18,500	18,700	18,600	-200	-100
State	21,700	21,900	21,400	-200	300
Local	31,100	31,500	30,500	-400	600

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989
p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment
By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	109,800	111,900	105,900	-2,100	3,900
Goods-producing	10,700	12,200	9,800	-1,500	900
Mining	3,600	3,700	3,500	-100	100
Construction	5,000	6,300	4,400	-1,300	600
Manufacturing	2,100	2,200	1,900	-100	200
Service-producing	99,100	99,700	96,100	-600	3,000
Transportation	10,600	10,750	10,150	-150	450
Trucking & Warehousing	1,400	1,400	1,400	0	0
Water Transportation	300	300	300	0	0
Air Transportation	4,000	4,050	3,900	-50	100
Communications	1,950	1,950	1,800	0	150
Trade	26,750	27,050	25,900	-300	850
Wholesale Trade	6,250	6,350	6,000	-100	250
Retail Trade	20,500	20,700	19,900	-200	600
Gen. Merch. & Apparel	3,050	2,950	2,950	100	100
Food Stores	3,100	3,250	3,150	-150	-50
Eating & Drinking Places	7,850	8,050	7,650	-200	200
Finance-Ins. & Real Estate	6,850	6,750	6,800	100	50
Services & Misc.	27,900	27,900	26,800	0	1,100
Hotels & Lodging Places	2,600	2,450	2,350	150	250
Government	27,000	27,250	26,450	-250	550
Federal	10,350	10,200	10,200	150	150
State	8,150	8,100	7,800	50	350
Local	8,500	8,950	8,450	-450	50

Fairbanks North Star Borough

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	27,300	28,000	26,400	-700	900
Goods-producing	2,250	2,750	2,200	-500	50
Mining	150	200	150	-50	0
Construction	1,600	2,000	1,550	-400	50
Manufacturing	500	550	500	-50	0
Service-producing	25,050	25,250	24,200	-200	850
Transportation	2,000	2,100	1,750	-100	250
Trucking & Warehousing	500	500	450	0	50
Air Transportation	400	400	350	0	50
Communications	250	200	250	50	0
Trade	5,850	5,950	5,800	-100	50
Wholesale Trade	700	750	700	-50	0
Retail Trade	5,150	5,200	5,100	-50	50
Gen. Merch. & Apparel	650	600	700	50	-50
Food Stores	800	800	800	0	0
Eating & Drinking Places	1,800	1,900	1,750	-100	50
Finance-Ins. & Real Estate	900	900	850	0	50
Services & Misc.	6,100	6,150	5,850	-50	250
Government	10,200	10,150	9,950	50	250
Federal	3,000	3,000	3,050	0	-50
State	4,400	4,400	4,250	0	150
Local	2,800	2,750	2,650	50	150

Anchorage-MatSu Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	117,050	119,050	112,550	-2,000	4,500
Goods-producing	11,250	12,750	10,150	-1,500	1,100
Mining	3,750	3,850	3,500	-100	250
Construction	5,300	6,600	4,650	-1,300	650
Manufacturing	2,200	2,300	2,000	-100	200
Service-producing	105,800	106,300	102,400	-500	3,400
Transportation	11,300	11,500	10,800	-200	500
Trade	28,600	28,750	27,500	-150	1,100
Finance-Ins. & Real Estate	7,300	7,150	7,250	150	50
Services & Misc.	29,100	29,150	27,950	-50	1,150
Government	29,500	29,750	28,900	-250	600
Federal	10,450	10,300	10,300	150	150
State	8,850	8,850	8,600	0	250
Local	10,200	10,600	10,000	-400	200

Interior Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	31,200	32,050	30,250	-850	950
Goods-producing	2,550	2,900	2,450	-350	100
Mining	350	350	250	0	100
Construction	1,650	2,000	1,650	-350	0
Manufacturing	550	550	550	0	0
Service-producing	28,650	29,150	27,800	-500	850
Transportation	2,250	2,400	1,950	-150	300
Trade	6,300	6,400	6,150	-100	150
Finance-Ins. & Real Estate	950	1,000	950	-50	0
Services	6,600	6,750	6,300	-150	300
Government	12,550	12,600	12,450	-50	100
Federal	3,550	3,650	3,600	-100	-50
State	4,650	4,650	4,550	0	100
Local	4,350	4,300	4,300	50	50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	31,650	33,000	31,700	-1,350	-50
Goods-producing	5,750	6,600	6,100	-850	-350
Mining	350	350	300	0	50
Construction	1,050	1,300	1,050	-250	0
Manufacturing	4,350	4,950	4,750	-600	-400
Durable Goods	2,500	2,900	2,950	-400	-450
Lumber & Wood Products	2,350	2,750	2,800	-400	-450
Nondurable Goods	1,850	2,050	1,800	-200	50
Seafood Processing	800	950	700	-150	100
Pulp Mills	850	900	900	-50	-50
Service-producing	25,900	26,400	25,600	-500	300
Transportation	2,200	2,400	2,200	-200	0
Trade	5,250	5,450	5,100	-200	150
Wholesale Trade	650	700	600	-50	50
Retail Trade	4,600	4,750	4,500	-150	100
Finance-Ins. & Real Estate	1,100	1,100	1,100	0	0
Services & Misc.	4,900	5,050	5,100	-150	-200
Government	12,450	12,400	12,100	50	350
Federal	2,150	2,250	2,050	-100	100
State	5,450	5,400	5,450	50	0
Local	4,850	4,750	4,600	100	250

Gulf Coast Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	21,000	22,250	20,800	-1,250	200
Goods-producing	4,650	5,300	4,600	-650	50
Mining	950	950	900	0	50
Construction	950	1,100	1,050	-150	-100
Manufacturing	2,750	3,250	2,650	-500	100
Seafood Processing	1,700	2,200	1,650	-500	50
Service-producing	16,350	16,950	16,200	-600	150
Transportation	1,650	1,750	1,700	-100	-50
Trade	3,650	3,850	3,450	-200	200
Wholesale Trade	450	500	400	-50	50
Retail Trade	3,200	3,350	3,050	-150	150
Finance-Ins. & Real Estate	550	550	550	0	0
Services & Misc.	4,350	4,400	4,150	-50	200
Government	6,150	6,400	6,350	-250	-200
Federal	600	650	550	50	50
State	1,800	1,900	2,000	-100	-200
Local	3,750	3,850	3,800	-100	-50

Northern Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	14,750	15,050	14,300	-300	450
Goods-producing	6,250	6,450	5,900	-200	350
Mining	5,700	5,700	5,400	0	300
Service-producing	8,500	8,600	8,400	-100	100
Government	4,500	4,500	4,500	0	0
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,900	3,900	3,900	0	0

Southwest Region

	p/	r/		Changes from:	
	11/90	10/90	11/89	10/90	11/89
Total Nonag. Wage & Salary	13,750	14,400	13,650	-650	100
Goods-producing	3,050	3,350	3,050	-300	0
Seafood Processing	2,500	2,750	2,550	-250	-50
Service-producing	10,700	11,050	10,600	-350	100
Government	6,350	6,500	6,350	-150	0
Federal	1,400	1,400	1,400	0	0
State	550	550	550	0	0
Local	4,400	4,550	4,400	-150	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

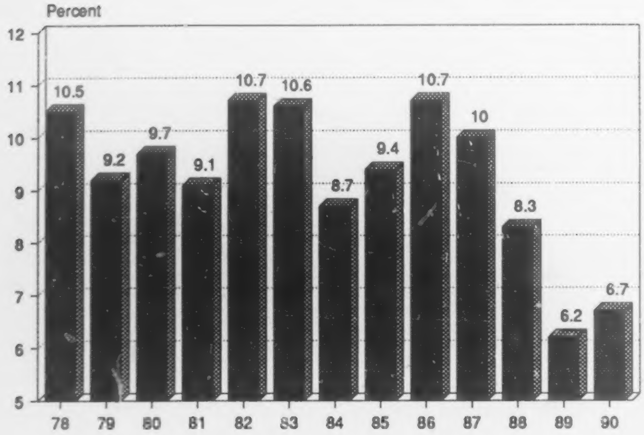
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 1

November Statewide Unemployment Rate 1978-1990



Source: Alaska Department of Labor, Research and Analysis Section.

There are several labor market indicators which lead one to that conclusion. First is Alaska's annual average unemployment rate during 1990. Barring some unexpected dramatic movement in the statewide rate in December, the annual average unemployment rate for 1990 will be about 7.0%. That would be the second-lowest annual rate recorded for Alaska since 1978. The lowest annual rate occurred last year when 6.7% of Alaska's labor force was jobless. (Comparable unemployment rates for years prior to 1978 are not available because the method by which the statewide rate was calculated is not the same.)

Another piece of evidence which points to a good year is the rate at which nonagricultural wage and salary employment is growing. In 1989, wage and salary employment grew at a rate faster than 6.0% annually. While the final estimates for 1990 won't be available until early February, the statewide employment growth rate for 1990 will be at least 3.0% on an annual basis.

Mining, Construction Continue to Lead the Way

Two of Alaska's goods producing industries, mining and construction, are leading the way in creating new jobs for Alaskans. Through the first eleven months of the year both of these industries are about 7.0% ahead of the pace they set in 1989. Since about 90% of wage and salary employment in Alaska's mining industry is in the oil and gas sector, growth in mining industry employment is almost synonymous with additional jobs in the oil and gas industry. One might wonder if the increase in oil prices following the invasion of Kuwait has been a factor in the creation of new jobs in the oil and gas industry in Alaska. The fact is though that the trend toward employment growth in this industry was well established prior to August.

Alaska's oil and gas industry is not the only sector of the mining industry posting healthy employment growth. Wage and salary employment activity throughout the state in Alaska's other mining sectors has grown at an almost astounding pace. The most recent major employment addition was the reopening of the Valdez Creek Mine in the MatSu Borough. That brings the number of large year-round mining operations in Alaska to four- in addition to Valdez Creek there is the Red Dog mine in the Northwest Arctic Borough, Green's Creek just outside of Juneau, the Usibelli Coal mine in Healy and Valdez Creek near Cantwell. Four doesn't sound like a whole lot of big year-round mines, but one doesn't have to look back but a few years to a time when Usibelli was the only big year-round operation.

Alaska's construction industry has been a primary benefactor of the growth in Alaska's mining employment. Construction at mining sites and construction related to the oil and gas industry have been two of the major contributors to new construction industry employment during the past year.

November Retail Numbers Have A Hint of Christmas Cheer

While the mining and construction industries are enjoying another banner year in 1990, November's employment counts showed that the retail trade sector is also doing quite well. (See Table 2.) While November is a little early to gear up for Christmas in most parts of the country, the issuing of permanent fund dividend checks and the beginning of the Christmas shopping season

Table • 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 11/90	r/ 10/90	11/89	p/ 11/90	r/ 10/90	11/89	p/ 11/90	r/ 10/90	11/89
Mining	$1,164.61	$1,075.69	$1,054.02	49.6	47.2	46.7	$23.48	$22.79	$22.57
Construction	1,033.34	1,144.62	1,062.66	42.7	46.7	44.8	24.20	24.51	23.72
Manufacturing	507.82	565.26	556.40	37.7	41.2	40.0	13.47	13.72	13.91
Seafood Processing	380.59	386.78	374.01	41.1	40.8	41.1	9.26	9.48	9.10
Trans., Comm. & Utilities	575.95	558.44	598.18	34.1	33.3	36.1	16.89	16.77	16.57
Trade	407.10	414.26	381.38	34.5	34.9	33.9	11.80	11.87	11.25
Wholesale	569.20	567.36	535.43	40.0	39.4	38.3	14.23	14.40	13.98
Retail	353.81	360.97	332.47	32.7	33.3	32.5	10.82	10.84	10.23
Finance-Ins. & R.E	393.08	387.72	401.35	34.3	34.1	34.9	11.46	11.37	11.50

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

are a powerful combination in Alaska. Overall the retail sector had less employment in November than October, but some sectors, especially general merchandise and apparel stores saw a significant employment increase. These stores will most likely have another increase in December when the final buying frenzy started in earnest.

Southeast Logging Down 20% from November 1989

While the majority of the news about Alaska's economy during 1990 has been good, one rough spot has been the wood products industry in Southeast Alaska. (See Table 3.) This November there were 500 less jobs in the Southeast logging industry than there were in November of last year, meaning that one in every five jobs in that industry has vanished. The main reasons for the industries woes are that the world market for wood products has softened significantly and that private timber harvesting, particularly on lands owned by Alaskan Native Corporations, has slowed down dramatically. The adverse effect these developments are having on Southeast Alaskan communities is particularly evident when looking at local area unemployment rates. Most of the Southeast Alaskan communities that have a significant tie to the logging industry have a significantly higher unemployment rate this November than they did at this time last year.

Summary: November Continues Recent Employment Trends

November employment and unemployment statistics for Alaska pointed to a continuation of a pattern that has been followed throughout most of 1990. The unemployment rate was slightly above last year's rate but well below historical levels for this time of the year. Nonagricultural wage and salary employment data continued to post healthy growth across all industries, one notable exception to that being the wood products industry. As 1990 draws to a close, Alaska will post its third straight year of employment growth, and the state is poised to continue that growth into 1991.

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Table • 4

Labor Force By Region and Census Area

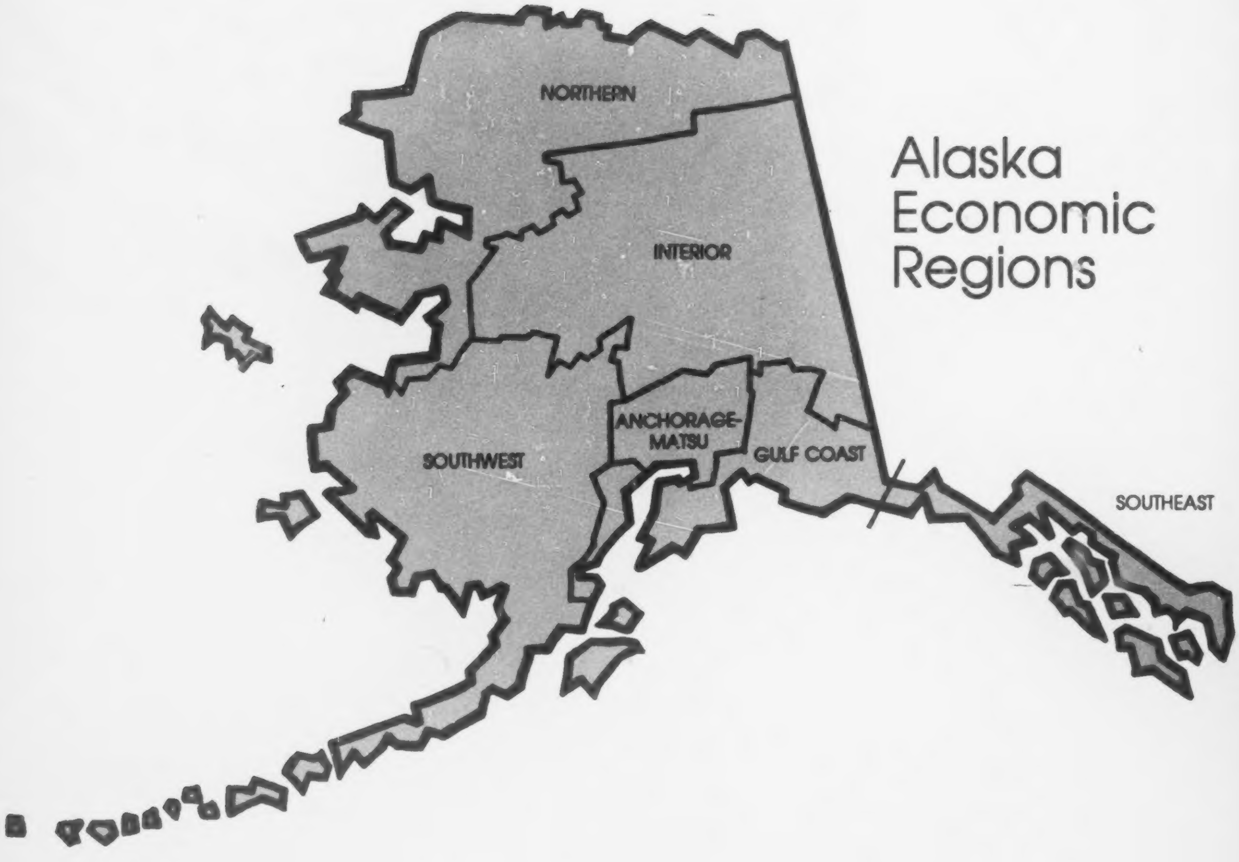
	Labor Force			Unemployment			Rate			Employment		
	p/ 11/90	r/ 10/90	11/89	p/ 11/90	r/ 10/90	11/89	p/ 11/90	r/ 10/90	11/89	p/ 11/90	r/ 10/90	11/89
Alaska Statewide	254,038	257,835	251,014	16,938	16,569	15,612	6.7%	6.4%	6.2%	237,100	241,266	235,402
Anch.-MatSu Region	133,879	134,759	130,929	7,442	7,524	6,999	5.6	5.6	5.3	126,437	127,235	123,930
Municipality of Anchorage	118,433	119,547	116,309	5,745	5,861	5,232	4.9	4.9	4.5	112,688	113,686	111,077
MatSu Borough	15,446	15,212	14,620	1,697	1,663	1,767	11.0	10.9	12.1	13,749	13,549	12,853
Gulf Coast Region	27,598	28,646	27,771	2,737	2,560	2,636	9.9	8.9	9.5	24,861	26,086	25,135
Kenai Peninsula Borough	17,190	17,984	17,150	1,957	2,001	1,749	11.4	11.1	10.2	15,233	15,983	15,401
Kodiak Island Borough	6,158	6,293	6,438	354	203	570	5.7	3.2	8.9	5,804	6,090	5,868
Valdez-Cordova	4,250	4,369	4,183	426	356	317	10.0	8.1	7.6	3,824	4,013	3,866
Interior Region	36,301	36,960	35,766	3,081	3,102	2,789	8.5	8.4	7.8	33,220	33,858	32,977
Fairbanks North Star Bor.	31,319	31,892	30,829	2,515	2,534	2,235	8.0	7.9	7.2	28,804	29,358	28,594
Southeast Fairbanks	2,078	2,120	2,025	237	244	198	11.4	11.5	9.8	1,841	1,876	1,827
Yukon-Koyukuk	2,904	2,948	2,912	329	324	356	11.3	11.0	12.2	2,575	2,624	2,556
Northern Region	8,438	8,484	8,481	474	488	522	5.6	5.8	6.2	7,964	7,996	7,959
Nome	3,118	3,105	3,128	205	180	216	6.6	5.8	6.9	2,913	2,925	2,912
North Slope Borough	3,101	3,118	3,123	89	94	113	2.9	3.0	3.6	3,012	3,024	3,010
Northwest Arctic Borough	2,219	2,261	2,230	180	214	193	8.1	9.5	8.7	2,039	2,047	2,037
Southeast Region	35,475	36,187	35,603	2,639	2,272	2,166	7.4	6.3	6.1	32,836	33,915	33,437
Haines Borough	859	883	855	78	77	60	9.1	8.7	7.0	781	806	795
Juneau Borough	15,621	16,141	15,819	772	804	698	4.9	5.0	4.4	14,849	15,337	15,121
Ketchikan Gateway Bor.	6,632	6,773	6,591	547	488	395	8.2	7.2	6.0	6,085	6,285	6,196
Pr. of Wales-Outer Ketch.	2,712	2,750	2,700	290	249	234	10.7	9.1	8.7	2,422	2,501	2,466
Sitka Borough	4,214	4,217	4,224	346	222	285	8.2	5.3	6.7	3,868	3,995	3,939
Skagway-Yakutat-Angoon	1,772	1,741	1,730	260	179	190	14.7	10.3	11.0	1,512	1,562	1,540
Wrangell-Petersburg	3,665	3,682	3,684	346	253	304	9.4	6.9	8.3	3,319	3,429	3,380
Southwest Region	12,347	12,799	12,464	565	623	500	4.6	4.9	4.0	11,782	12,176	11,964
Aleutians East Borough	867	899	896	5	8	20	0.6	0.9	2.2	862	891	876
Aleutians West	2,440	2,523	2,495	24	26	41	1.0	1.0	1.6	[illegible]	2,497	2,454
Bethel	4,734	4,929	4,732	268	314	197	5.7	6.4	4.2	4,4[illegible]	4,615	4,535
Bristol Bay Borough	475	495	480	19	24	17	4.0	4.8	3.5	456	471	463
Dillingham	2,233	2,295	2,283	99	90	117	4.4	3.9	5.1	2,134	2,205	2,166
Wade Hampton	1,598	1,658	1,578	150	161	108	9.4	9.7	6.8	1,448	1,497	1,470

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

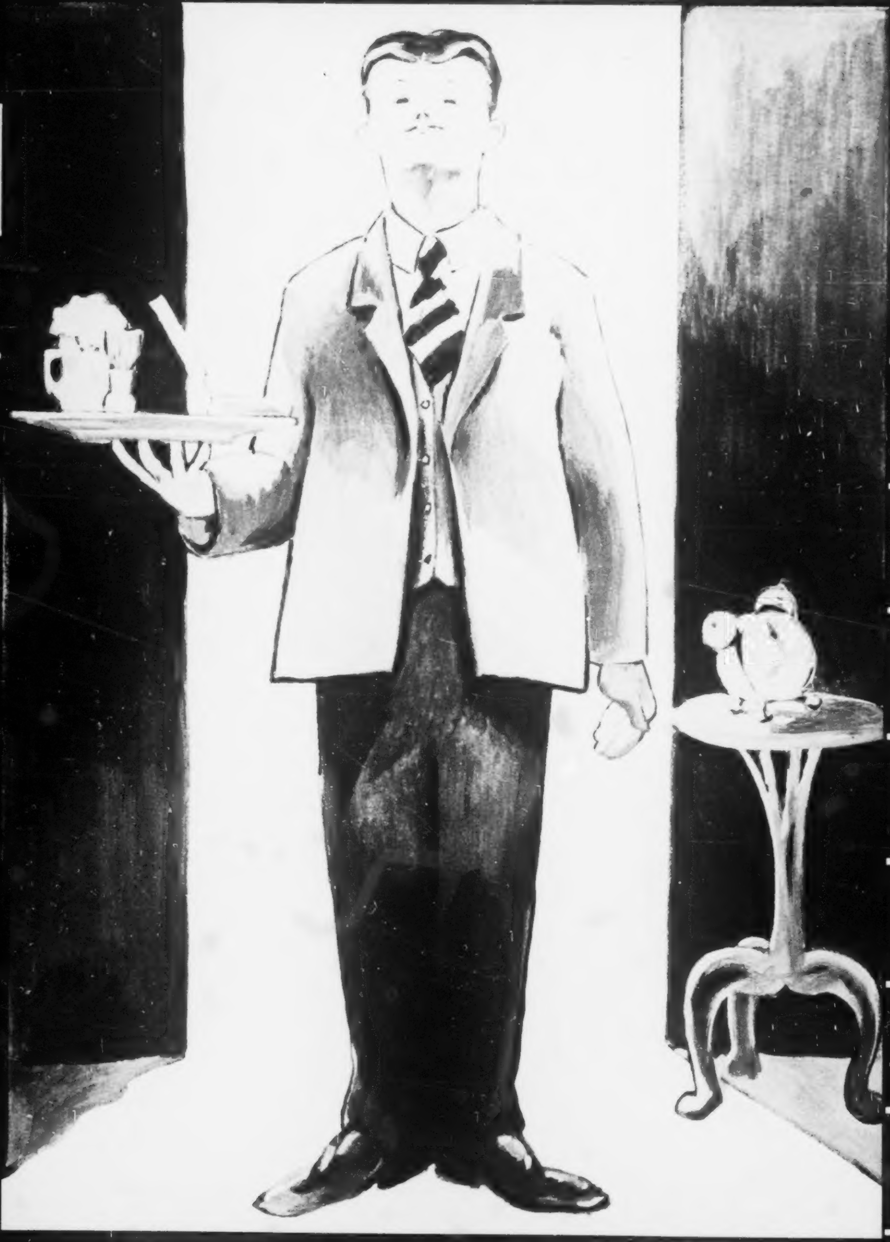
Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions


NORTHERN
INTERIOR
SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

ALASKA ECONOMIC TRENDS

March 1991



ALASKA'S SERVICES INDUSTRIES

LAYOFFS IN ALASKA: 1989

YEAR ENDS ON AN UPBEAT NOTE

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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March 1991
Volume 11
Number 3

Alaska State
Employment Service

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MADE IN ALASKA

Services — Alaska's Largest Private Sector Industry

by Holly Stinson

Holly Stinson is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

The services industry is the largest but least understood of Alaska's employment categories. The nomenclature for all other industries is self-explanatory (mining, construction, retail trade, etc.). The title of services, however, hides a wide variety of businesses. In this diverse group are found accounting firms, movie houses, shoe repair shops, and private museums, to name but a few.

As a group, services firms grew faster than any other industry in Alaska in the 1980s. Services employment increased 55% from 1980 to 1989, while the Alaskan economy as a whole enjoyed a 33% increase in employment. This sector also outpaced total job growth in the first six months of 1990, increasing 9.1% over the first six months of 1989 while all industries increased 6%.

Jobs in services grew at a faster rate during the boom years, and lost ground at a slower rate during the recession, than total employment. (See Figure 1.) Their recovery has also been faster than the industry-wide rate. During this period, four out of every ten new jobs created in the private sector were with services firms. The driving force behind this growth was population gain. In addition, the nationwide trend is toward higher demand of services by individuals. More two wage-earner families means more demand for personal services. Other factors causing this trend are more discretionary income and individuals' changing tastes and desires. Another factor for services growth in Alaska was the increase in tourism during the same period, which directly benefitted many services firms.

What Is the Services Industry?

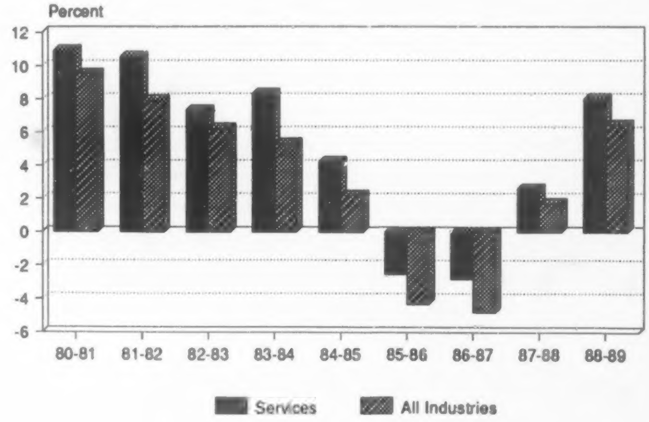
The federal Bureau of Labor Statistics divides firms in the services industry into 16 categories. Comparisons over time are meaningless for several of these categories, however, because they were revised in 1987. In order to get an accurate picture of employment growth for the affected categories, they have been grouped together and referred to as business and personal services in Table 1.

It is important not to confuse the services industry with what is termed the service-producing sector of the economy. The services industry is only one component of the service-producing sector. The service-producing side of the economy includes, in addition to its services component, such industries as transportation and trade.

When articles refer to the growth of the service economy in the U.S., these other service-producing industries are included. The service-producing sector had 76% of all jobs in the U.S. in 1989, up from 70% in 1979. Within this service economy, the services industry alone employs 25% of total U.S. workers. In Alaska, the service-producing

Figure • 1

Change In Employment
Services & All Industries



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Services Employment by Industry

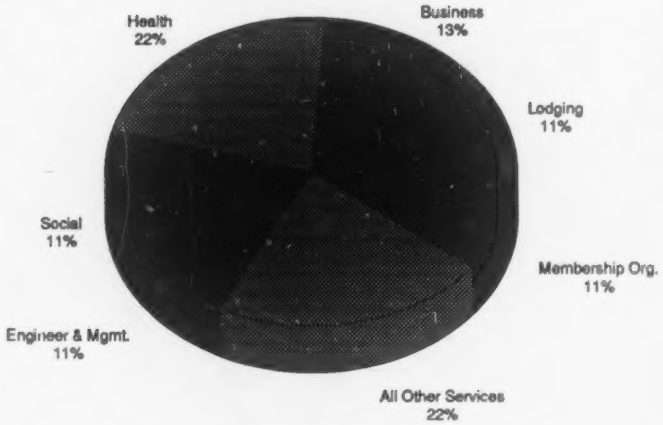
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Total	29,699	32,410	35,412	37,873	40,837	42,998	42,650	40,998	42,834	45,901
Hotels & Lodging	3,275	3,649	4,263	4,294	4,588	4,688	4,641	4,621	4,747	5,019
Business & Personal*	9,619	11,472	13,222	14,054	15,340	16,171	14,684	13,433	13,965	15,413
Auto Services	851	1,005	1,106	1,325	1,493	1,571	1,483	1,378	1,548	1,682
Misc. Repair	490	586	662	683	761	845	847	763	672	754
Health Services	5,795	6,316	6,740	7,399	8,286	8,753	9,043	9,035	9,421	9,998
Legal Services	1,297	1,395	1,523	1,589	1,663	1,800	1,879	1,921	1,988	1,937
Education Services	597	626	569	578	730	722	736	800	811	926
Social Services	4,108	4,190	3,936	4,121	4,071	4,432	4,971	4,640	4,799	5,145
Membership Organizations	3,656	3,160	3,380	3,816	3,875	3,976	4,334	4,357	4,818	4,946
Private Households	11	11	11	14	30	40	32	50	65	81

*Includes business, engineering & management, personal, motion pictures, recreation, museums and miscellaneous services.

Source: Alaska Dept. of Labor, Research & Analysis Section

Figure • 2

Services Employment, 1989



Source: Alaska Department of Labor, Research and Analysis Section.

sector had 84% of the jobs, while the services industry alone had 20%.

Services Dominated By Small Firms

Firms offering services range in size from very large to very small. Of Alaska's 100 largest employers in 1989, 24 were from the services industry. (See article in August 1990 issue of *Alaska Economic Trends.*) Even so, the services industry has a large proportion of small firms — for every firm with ten or more employees there are four firms with fewer than ten employees in Alaska.

Not included in the employment statistics in Table 1 are the self-employed. The services industry probably has a larger percentage of self-employed than any other industry. The nature of the industry, offering various services to the population, lends itself to self-employment. It is much easier to be a self-employed hairdresser, bookkeeper, or child care worker, for example, than to be self-employed in the manufacturing or transportation industries.

One In Five Services Jobs Are Health-Related

Health services has more of the large firms than any other services group. The hospitals and health care providers with 100+ employees provide more than half of all health services jobs, but represent only 2% of the health care employers.

Health services is the largest category in the services industry. (See Figure 2.) Over 20% of services jobs are in this field. Health care employment grew rapidly during the 1980s in the U.S., and Alaska was no exception. A larger population demanding more health care, along with an aging population (which needs proportionately more health care services than younger people), contributed to this growth. Advances in medical science and technology are another reason. Some medical equipment and tests performed in 1989 did not even exist ten years earlier. New diseases, most notably AIDS, also increased the demand for health services nationwide. In Alaska, another reason for growth is the increase in procedures done locally which previously were not available in the state.

During the 1986-87 recession, the services industry as a whole lost 2,000 jobs. However, the health care category was one of the few that didn't lose employment. Many of the reasons for this field's overall growth mentioned above enabled health care employment to remain steady even while the population it served was eroding.

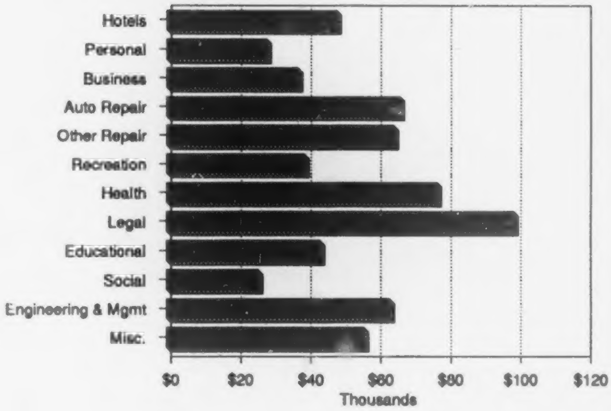
Not included in health care employment are jobs with government-run facilities. In Alaska, this means the 1000+ employees of the Alaska Area Native Health Service are included in federal government rather than health care. Likewise, health services provided by local and state governments are counted in the government sector.

Very Few Education Jobs Are Counted In Services

Educational services is another category where the jobs included in services do not tell the whole story. In this case, the majority of education jobs are found in the government sector. Employment with private schools are the only educational jobs included in services; in 1989 they numbered fewer than 1,000. In contrast, state and local governments had more than 20,000 employees working in education.

Figure • 3

Income Per Employee for Service Firms*



Source: Alaska Department of Labor, Research and Analysis Section.

Slow Growth For Social Services Employment

Employers offering family and child care services, residential care, job training, and other social services added jobs at a slower rate during the 1980s than any other services group. Social services employment now makes up 11% of services jobs, vs. 14% in 1980.

Social services firms have taken in the lowest receipts per employee in the services industry. (See Figure3.) Because many social services are utilized by low-income Alaskans, this is not surprising. People holding social services jobs also have a lower than average monthly wage. In 1989 the average monthly social services wage was $1,343. This compares to $1,802 per month in the entire services industry, and $2,452 per month for all industries. The legal field manages to bring in the most money per employee of all the services categories — close to $100,000 a year for each worker. (See Figure 3.) This explains why such a small category earns such a large share of income. With fewer than 2,000 employees (4.2% of services employment) legal establishments earned 13% of services income in 1987.

Table • 2

Services Employment by Category

	1Q89	2Q89	3Q89	4Q89	1Q90	2Q90	3Q90	4Q90	1989 1st 6 Months	1990 1st 6 Months	Percent Change
Total	42,658	46,265	48,690	45,987	46,789	50,183	0	0	44,462	48,486	9.1%
Hotels & Lodging	4,027	5,199	6,313	4,537	4,397	5,688			4,613	5,043	9.3
Business Services	5,223	6,063	6,348	6,024	6,223	6,857			5,643	6,540	15.9
Eng. & Mgmt. Services	4,415	4,964	5,482	5,038	5,475	5,822			4,690	5,649	20.4
Pesonal Services	1,770	1,698	1,709	1,730	1,820	1,822			1,734	1,821	5.0
Motion Pictures	799	835	883	796	865	901			817	883	8.1
Recreation Services	1,732	1,898	1,901	1,694	1,740	1,901			1,815	1,821	0.3
Museums	48	66	84	53	57	69			57	63	10.5
Misc. Services	92	88	111	107	111	106			90	109	20.6
Auto Services	1,518	1,716	1,768	1,726	1,771	2,050			1,617	1,911	18.2
Misc. Repair	702	788	767	760	799	918			745	859	15.2
Health Services	9,749	9,971	10,112	10,160	10,178	10,430			9,860	10,304	4.5
Legal Services	1,907	1,930	1,932	1,979	1,982	2,009			1,919	1,996	4.0
Education Services	913	940	855	994	972	955			927	964	4.0
Social Services	5,075	5,155	5,049	5,299	5,336	5,397			5,115	5,367	4.9
Membership Orgs.	4,616	4,875	5,292	5,001	4,971	5,170			4,746	5,071	6.8
Private households	72	79	84	89	92	88			76	90	19.2

Source: Alaska Dept. of Labor, Research & Analysis Section

Two other categories which have a high earnings:employment ratio are auto and other repair businesses. The automobile category is not limited to repairs, but includes rentals (of cars and recreational vehicles), parking facilities and carwashes.

There's not much to say about one of the smallest group in services, referred to as private households. These are the cooks, gardeners and maids employed in private homes. A look at Table 2 will confirm that not many Alaskans employ butlers or other workers in their homes.

Personal Services Linked To Population, Income

The personal services category includes such services as laundries and dry cleaners, photo studios, funeral homes, beauty and barber shops. Some firms in this category were reclassified and now appear in business, recreation, and miscellaneous services.

Closely related groups are motion pictures (which includes the rapidly expanding video tape rental business) and recreation services. The smallest category in services covers museums, art galleries and zoos. In 1989 ten percent of all services jobs fell into one of these four categories that offer services to individuals. In 1980, only 6.5% of services employment were with these firms. Many of the services offered by these employers are discretionary as opposed to necessary. Therefore, their fortunes are linked not only to total population but also to the income of that population. Alaska's per capita income was $21,656 in 1989. This is the highest ever, even adjusting for inflation, and helps explain the growth of the personal services economy.

New and Expanding Services Are Found in Business Categories

On the other side of the coin are those services firms catering to businesses rather than individuals. Over 600 enterprises provide advertising, collection, computer and data processing services to Alaskan businesses. Also included in the business services group are agencies supplying temporary help and security personnel.

Another 600+ companies providing services to business are in the engineering and management classification. Before 1988, these firms reported employment under miscellaneous services. Engineers, architects, accountants and public relations workers are in this group, along with firms offering management, research and testing services.

Together these two classifications offering services to the business community employed more than 10,000 people in 1989. This represents nearly one-fourth of all services employment.

These employers are a dynamic group. Many of the services offered in 1989 were in their infancy ten years earlier, and did not even exist twenty years ago. For example, there was one standard industrial classification code for computer services in 1967; the 1987 classification manual lists ten separate ones for varying services associated with computers.

Another sector expanding in the business arena is the firms providing temporary and contract help. This is true both in Alaska and nationwide. More companies are making use of temporary and contract help to provide services formerly done in-house as a way to deal with shrinking profit margins.

A Wide Variety Is Found In Membership Organizations Category

The membership organizations category spans both the personal and business spheres. It consists of an assortment of business, social, political and religious groups along with labor unions. Included under this heading are the Anchorage Convention & Visitors Bureau, the Girl Scouts, most of the Native nonprofit organizations such as Tanana Chiefs Conference, local chambers of commerce, and the Salvation Army. Employment with membership organizations has grown steadily through the 1980s, even during the years of a population drain. This group rarely grabs headlines, but they account for over 10% of services jobs.

Hotels An Indicator of Tourist Industry

The services group which often does make the news is the hotel and lodging category. These businesses are one of the vital signs used to gauge the health of the tourist industry. A look at lodging employment in the 1980s will tell you how healthy the tourist industry was during this time. There was virtually no decline in employment during the recession; by 1989 this sector had grown to become half again as large at it was in 1980.

There are several reasons for the growth in hotel and lodging employment. A larger resident population is one. Another is the aforementioned increase in tourism. Expanding the tourist season to include spring and fall months, and attracting more conventions to locations throughout the state, has helped boost visitor statistics. People travelling on business or as an occupation are also important to the hotel business. For example, the number of hotel rooms in Anchorage reserved each night for flight crew stopovers is estimated at 400.

The hotel industry's growth is evident in the number of new or expanded lodging facilities across the state. Ketchikan has a new Westmark, Anchorage has two new hotels and plans for renovation and expansion of several others, the Kenai Peninsula Borough is seeing additions on many hotels, lodging near Denali Park has mushroomed in recent years, and workers will soon break ground for a 200-room Princess hotel in Fairbanks.

Summary: Services Are A Diverse, Dynamic Industry

A wide variety of firms are found under the heading of services. They range from advertising and accounting agencies to barber shops, museums, hospitals and day care centers. As a group, their employment grew faster than that of any other industry in Alaska in the 1980s. Although closely linked to population, other factors kept them growing faster during the boom years and shrinking less during the recession years than the economy as a whole.

Health services is the largest category, garnering more than 20% of all services jobs. It was one of the few which didn't lose employment during the population drain of 1986-88.

Another group which showed virtually no decline in employment during the recession was hotels and lodging facilities. A healthy tourist industry and an increase in business travellers has kept this sector growing. Many new facilities are opening or in the planning stages to accommodate even more visitors in the 1990s.

Jobs with social services firms grew more slowly than did other services employment. The average wage is lower, too — $1,343 a month in social services versus $1,802 for the entire services industry.

Personal services became a larger share of the employment pie in the 1980s. This trend is expected to continue in the next decade as discretionary income increases.

The two categories catering to business services employed over 10,000 people in 1989. They are a dynamic group, offering services which did not even exist twenty years ago. The scope of services offered to the business community should continue to expand in the future.

New business services, along with increased demand for health and legal services, and a trend toward higher individual use of personal services, should keep the entire services industry growing faster than what a population increase alone would necessitate.

Mass Layoffs in Alaska: 1989

by Judy Hallanger

Judy Hallanger is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

In recent years attention has been drawn to the plight of the dislocated or displaced worker. The introduction of new technology, the shift from manufacturing to service jobs, growing foreign competition, and fear of yet another impending recession have all contributed to this concern. The terms "dislocated" and "displaced" are used to refer to a person who has substantial experience and skills in a certain job but has lost that job because of a plant closing, slack work, or elimination of their position or shift. Telephone operators, construction crews, and oil field workers provide examples of Alaskan workers who have been displaced at one time or another during the 1980s.

In response to the concern over dislocated workers, several federal programs were created during the 1980s. In 1982, the Job Training Partnership Act (JTPA) was passed by Congress to establish training and employment programs targeted at specific groups, one of which (Title III) was dislocated workers. Another section of the JTPA legislation authorized the Bureau of Labor Statistics to collect statistics relating to permanent layoffs and plant closings. These statistics would fill an information void and enable more intelligent decision-making about future laws aimed at helping the displaced worker.

In 1984 the Bureau of Labor Statistics developed a model for what is now known as the Mass Layoff Statistics (MLS) program. Originally tested in eight states, MLS is now operational in 44 states and will soon be nationwide. The MLS program gathers and compiles information about all kinds of layoffs, including those which produce dislocated workers. This information is stored in a comprehensive database for further analysis as

How MLS Data are Gathered and Used

In brief, the program works this way. Employers with 20 or more unemployment insurance (UI) claims filed against them in any continuous three week period are contacted. If the employer says that 20 or more people were laid off for more than 30 days, a **layoff event** has occurred. When this is the case, employers are asked to provide additional details including how many people were affected, the layoff location and date, and the reason for the layoff.

This information is then linked to UI claims data, and worker profiles are developed incorporating claimant characteristics. The data are also sent to the federal Bureau of Labor Statistics for inclusion into national statistics.

Currently, MLS data are used in a formula to distribute certain Job Training Partnership Act (JTPA) funds within Alaska. In the future, more programs may depend on MLS for federal funding as well as for indications of change in the layoff situation both at the state level and nationwide.

the need arises. As recession looms in most of the country and layoffs become more frequent, MLS takes on a new relevance.

The Mass Layoff Statistics program began data collection in Alaska during the last quarter of 1987. Although not strictly limited to dislocated workers as defined above (since it includes seasonal and project employment), MLS produces the only statistical information currently available about layoffs in Alaska. This article will primarily focus on 1989 with some comparisons to 1988 and to national data.

Oil Spill Cleanup Dominates 1989 Layoffs

Because Alaska's economy was on the rebound in 1989, there was an overall drop to 54 layoff events from the 79 events during 1988. (A layoff event occurs when an employer reports 20 or more people are laid off for 30 or more days. See inset on How MLS Data are Gathered and Used for more details.) The year started off with very few events and built to a peak in the 4th quarter (see Figure 1). Normal seasonal layoffs in the last part of the year combined with layoffs related to the end of oil spill cleanup activity were responsible for the 4th quarter peak.

The oil spill layoffs of late 1989 also caused a huge increase in the number of people laid off and filing initial claims for unemployment insurance (UI). The trend over several years can be seen in Figure 2. There often seems to be a lag of about a quarter before people file for UI; sometimes they don't file at all.

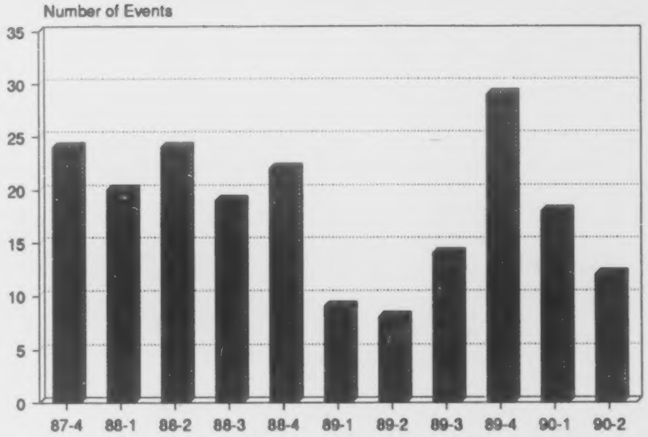
For example in 1988 only 4,749 out of 6,788 people (70%) filed initial claims for UI after being involved in a mass layoff. In 1989 the percentage is even lower at 5,476 out of 12,145 or 45%. Why don't people file for unemployment after a mass layoff? The answers are many, including finding another job right away, returning to school after a summer job, or being ineligible for UI benefits because of insufficient earnings. Nationally, the claims to layoffs ratio was 78% in 1988 and 77% in 1989.

In Alaska the average number of people laid off per event in 1988 was 86. In 1989 this rose to 225, again as a result of the large oil spill layoffs. Nationally the 1988 figure was 194 people laid off per event and in 1989 there were 207 layoffs per event. Normally the comparable national figures would be expected to be higher because only layoffs of 50 or more people are included in the national data.

Only 16 of the Alaskan layoff events in both 1988 and 1989 were in the 50+ category; the rest involved between 20-49 people per event. This

Figure • 1

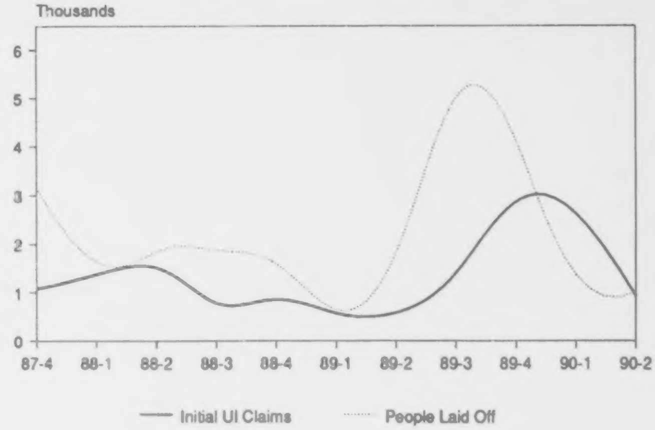
Mass Layoffs in Alaska 1987-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Mass Layoffs in Alaska 1987-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

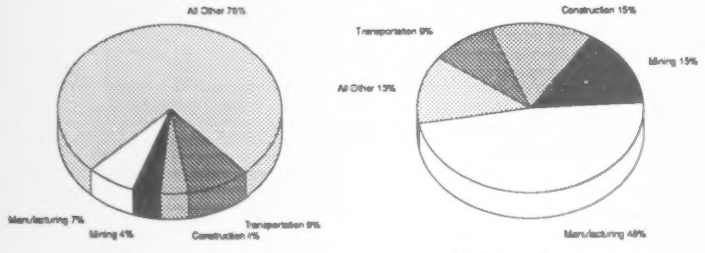
MLS Layoffs by Industry, 1989

Industry	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Manufacturing	26	48.1	2,638	21.7	2,088	38.1
Mining	8	14.8	6,682	55.0	1,678	30.6
Construction	8	14.8	1,306	10.8	613	11.2
Transportation	5	9.3	712	5.9	682	12.5
Government	4	7.4	350	2.9	249	4.5
Services	2	3.7	307	2.5	123	2.2
Finance	1	1.9	150	1.2	43	0.8
Total	54	100.0	12,145	100.0	5,476	100.0

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 3

Industry Composition in 1989 Alaska Employment & MLS Layoffs Events



Employment

MLS Layoff Events

Source: Alaska Department of Labor, Research and Analysis Section.

isn't surprising since 95% of Alaska's firms employ less than 50 people and around 90% employ less than 20 people. Thus, only 10% of Alaska's companies will ever show up in the MLS statistics, which are restricted to layoffs of 20 or more workers.

Half of MLS Layoffs in Manufacturing Industry

All of the major industries except trade experienced MLS layoffs in 1989. The layoffs were dominated by manufacturing with 26 events. This is surprisingly similar to the national picture which also shows around half of all layoff events in manufacturing. Since manufacturing employs a much greater part of the work force nationally than in Alaska, it might also be expected to show a larger share of layoffs. However, Alaska's largest manufacturers have many seasonal layoffs which differs from the national situation of year-round manufacturing.

Within the manufacturing industry, there was a fairly even split between the seafood processors and the forest products industry as far as MLS layoffs were concerned. Most layoffs were seasonal but a few were attributed to slack work, a material shortage, or foul weather.

Rounding out the Alaska top four were mining, construction, and transportation. Together, these four industries comprised a small share of Alaska's 1989 employment but accounted for the majority of the MLS layoff events (see Figure 3).

Although manufacturing led the list in number of layoff events, the majority of people were laid off by the mining industry. This reflects the large number of oil spill cleanup workers (over 5,000) that were coded as being employed by the oil and gas sector. Approximately another thousand workers from the oil spill cleanup were coded as belonging to the construction and transportation industries and helped boost their numbers as well.

The remaining three industries (finance, services, and government) did not show as much MLS activity. This is to be expected since they are either composed of mainly small firms (services) or traditionally offer more stable employment (finance, government) than the industries previously discussed. Together they accounted for seven layoff events. Table 1 shows the complete breakdown by industry for layoff events, number of people laid off, and number of initial UI claims filed in 1989 related to MLS events in Alaska.

"Seasonal" Leads List of Reasons for Layoffs

The dominant cause for MLS layoffs in Alaska in 1989 was seasonal factors. This was cited over twice as often as any other reason (see Table 2). Since so many industries in Alaska are seasonal, this only confirms what has long been suspected.

The next most important reason was completion of a contract. The majority of oil spill cleanup layoffs fell into this category. Less frequent reasons given by MLS employers were slack work, weather-related curtailment, material shortage, and bankruptcy. There are many other causes for mass layoffs or business closings: business ownership change, labor dispute, import competition, and automation, to name a few. Some of these are more important nationally but may affect Alaska in the future as our economy diversifies and matures.

Nationally, seasonal shutdowns were also the chief cause for MLS layoffs (32%), but slack work was a close second with 24% of the layoff events. Contract completion fell third at 8%.

How do the initial claimants from MLS layoffs compare to other UI claimants? At first glance they seem to live in the same places (see Table 3). However, the MLS claimants are underrepresented in the large urban centers of Anchorage, Fairbanks, and Juneau. On the other hand, some of the major fishing and logging areas such as the Kenai Peninsula, Kodiak, Valdez/Cordova and Wrangell/Petersburg have a disproportionate share of MLS claims. This reflects the high number of seafood processing, logging and mill layoffs in those areas. In addition, the oil spill and its subsequent cleanup and layoffs impacted most of the areas where MLS claims were relatively high.

A smaller percentage of Alaska Natives were MLS initial claimants than in the general UI claimant population (see Figure 4). There were also slightly more people over age 55 in the MLS group. The smaller proportion of women in the MLS initial claimants can probably be attributed to the smaller proportion of women participating in the oil spill cleanup.

Table • 2

Reasons for MLS Layoffs, 1989

	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Seasonal	29	53.7	3,144	25.9	2,005	36.6
Contract Completed	11	20.4	7,865	64.8	2,438	44.5
Slack Work	4	7.4	279	2.3	437	8.0
Weather-Related	3	5.6	354	2.9	157	2.9
Material Shortage	2	3.7	70	0.6	161	2.9
Bankruptcy	1	1.9	0	0.0	42	0.8
Other	4	7.4	433	3.6	236	4.3
Total	54	100.0	12,145	100.0	5,476	100.0

Source: Alaska Department of Labor, Research and Analysis Section.

Table • 3

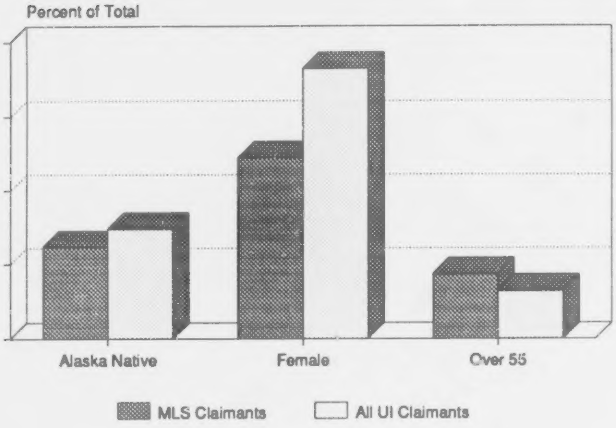
Location of MLS Initial Claimants Compared to All UI Claiments In 1989

	MLS Initial Claimants	Percent of Total	All UI Claimants	Percent of Total
Aleutian Islands Census Area	0	0.0	76	0.2
Anchorage Borough	1,139	20.8	11,247	25.1
Bethel Census Area	22	0.4	517	1.2
Bristol Bay Borough	2	0.0	46	0.1
Dillingham Census Area	7	0.1	221	0.5
Fairbanks North Star Borough	381	7.0	5,264	11.7
Haines Borough	57	1.0	193	0.4
Juneau Borough	82	1.5	1,594	3.6
Kenai Peninsula Borough	739	13.5	3,837	8.6
Ketchikan Gateway Borough	154	2.8	1,223	2.7
Kodiak Island Borough	931	17.0	894	2.0
Matanuska-Susistna Borough	437	8.0	3,570	8.0
Nome Census Area	47	0.9	574	1.3
North Slope Borough	27	0.5	233	0.5
Northwest Arctic Borough	33	0.6	406	0.9
Prince of Wales-Outer Ketchikan C.A.	88	1.6	746	1.7
Sitka Borough	99	1.8	541	1.2
Skagway-Yakutat-Angoon Census Area	118	2.2	547	1.2
Southeast Fairbanks Census Area	27	0.5	427	1.0
Valdez-Cordova Census Area	190	3.5	769	1.7
Wade Hampton Census Area	24	0.4	264	0.6
Wrangell-Petersburg Census Area	257	4.7	767	1.7
Yukon-Koyukuk Census Area	58	1.1	774	1.7
Alaska-Unknown Census Area	30	0.5	0	0.0
Alaska Total	4,949	90.4	34,730	77.4
Out of State	527	9.6	10,128	22.6
Total	5,476	100.0	44,858	100.0

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 4

Selected Characteristics of MLS and All UI Claiments, 1989



Source: Alaska Department of Labor, Research and Analysis Section.

Summary

The number of MLS layoff events dropped from 79 in 1988 to 54 in 1989 as a result of an improved economy. However, more people were affected in 1989 due to the influence of the Exxon Valdez oil spill cleanup, which accounted for approximately half of the 12,000 people laid off. About 45% of the people who were laid off filed for unemployment insurance. They shared many characteristics of other UI claimants.

Preliminary 1990 MLS data suggest there were 60 layoff events in that year. Most of these layoffs are seasonal in nature and would probably occur each year regardless of fluctuations in the economy. If Alaska's predicted employment growth comes in seasonal or project-oriented industries the number of layoffs could actually increase. This may be offset by a decline in the number of layoffs caused by other reasons.

The Latest Dislocated Worker Legislation: WARN and EDWAA

After much debate, two new laws relating to dislocated workers were passed by Congress in 1988. The first, called the Worker Adjustment and Retraining Notification Act (WARN), requires employers of 100 or more workers to give 60 days notice in advance of a layoff or closing expected to last 6 months or longer involving 50 or more permanent, full-time workers.

The second piece of legislation, the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), essentially replaces the JTPA Title III program. It is designed to provide retraining and other assistance for dislocated workers. To reach this goal, each state will also establish a Dislocated Worker Unit (DWU) to coordinate services and develop plans for a rapid response team.

In Alaska, implementation of WARN began in February 1989. As of December 1990 there have been four WARN layoffs involving 400 workers. One example of a WARN layoff in Alaska was the early 1990 closure of the Nordstrom store in Fairbanks.

The EDWAA program began in July of 1989 and had 497 participants during the State Fiscal Year (SFY) 1990, which ran from July 1989 through June 90. The average wage at placement was $10.81 per hour. During SFY 1989 the EDWAA program had 312 participants. The average wage at placement was $11.58 an hour.

For more information on Alaska's WARN and EDWAA programs, contact:

Carolyn Tuovinen
Dislocated Worker Unit
Alaska Department of Community and Regional Affairs
949 East 36th Avenue #402
Anchorage, AK 99508
Telephone: (907) 563-1955

Alaska's Economy Ends Year On An Upbeat Note

By Neal Fried

Alaska's Economy Shines While The Nation's Dims

The nation's retailers reported a scrooge-like Christmas season while retailers' registers rang loudly in Alaska. Banks in the nation are failing in record numbers; a new bank is opening in Alaska and others are earning record profits. Employment in the nation is falling while employment expands in Alaska. A growing number of state governments are awash in red ink and Alaska's state government is racking up a handsome surplus.

Alaskans are not gloating over their good fortune. The state has already been through the economic ringer and does not wish it on anyone else. Another reason why Alaska's good times are not being flaunted is because some of Alaska's industries are adversely affected by a weak national economy. Another reason Alaskans can't afford to swagger over this change of events is because much of this prosperity may be tenuous, given the erratic price of oil.

Housing Glut Changes to Housing Shortage

Recently the "great Alaska real estate recovery" has dominated the economic news. In a sense, it is not really news because real estate is a lagging indicator and it is simply an affirmation that the recovery is nearly complete. The swiftness of this recovery, however, is surprising. Vacancy rates of more than 25% three years ago have fallen dramatically.

Table • 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 12/90	r/ 11/90	12/89	Changes from: 11/90	12/89
Total Nonag. Wage & Salary	227,100	229,100	221,200	-2,000	5,900
Goods-producing	31,300	33,700	29,600	-2,400	1,700
Mining	10,700	11,000	9,900	-300	800
Construction	9,100	10,100	8,100	-1,000	1,000
Manufacturing	11,500	12,600	11,600	-1,100	-100
Durable Goods	2,700	3,500	3,000	-800	-300
Lumber & Wood Products	1,900	2,700	2,300	-800	-400
Nondurable Goods	8,800	9,100	8,600	-300	200
Seafood Processing	5,000	5,300	4,900	-300	100
Pulp Mills	900	900	900	0	0
Service-producing	195,800	195,400	191,600	400	4,200
Transportation	19,100	19,200	18,600	-100	500
Trucking & Warehousing	2,500	2,400	2,300	100	200
Water Transportation	1,200	1,200	1,200	0	0
Air Transportation	6,400	6,500	6,300	-100	100
Communications	3,200	3,300	3,200	-100	0
Trade	46,500	46,100	44,900	400	1,600
Wholesale Trade	8,300	8,400	7,900	-100	400
Retail Trade	38,200	37,700	37,000	500	1,200
Gen. Merch. & Apparel	6,600	6,300	6,300	300	300
Food Stores	6,800	6,600	6,600	200	200
Eating & Drinking Places	12,700	12,700	12,300	0	400
Finance-Ins. & Real Estate	10,700	10,700	10,500	0	200
Services & Misc.	48,500	48,400	46,900	100	1,600
Hotels & Lodging Places	4,900	4,900	4,500	0	400
Government	71,000	71,000	70,700	0	300
Federal	18,500	18,500	19,000	0	-500
State	21,500	21,700	21,200	-200	300
Local	31,000	30,800	30,500	200	500

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	109,700	109,800	105,650	-100	4,050
Goods-producing	10,150	10,750	9,200	-600	950
Mining	3,650	3,650	3,500	0	150
Construction	4,500	5,000	3,800	-500	700
Manufacturing	2,000	2,100	1,900	-100	100
Service-producing	99,550	99,050	96,450	500	3,100
Transportation	10,350	10,400	10,250	-50	100
Trucking & Warehousing	1,400	1,400	1,400	0	0
Water Transportation	300	300	350	0	-50
Air Transportation	4,000	4,000	3,900	0	100
Communications	1,900	1,950	1,850	-50	50
Trade	27,150	26,850	26,000	300	1,150
Wholesale Trade	6,250	6,300	5,950	-50	300
Retail Trade	20,900	20,550	20,050	350	850
Gen. Merch. & Apparel	3,050	3,050	3,000	0	50
Food Stores	3,200	3,100	3,250	100	-50
Eating & Drinking Places	8,000	7,900	7,450	100	550
Finance-Ins. & Real Estate	6,850	6,850	6,800	0	50
Services & Misc.	28,150	28,050	26,800	100	1,350
Hotels & Lodging Places	2,650	2,600	2,400	50	250
Government	27,050	26,900	26,600	150	450
Federal	10,500	10,350	10,350	150	150
State	8,050	8,150	7,750	-100	300
Local	8,500	8,400	8,500	100	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	26,850	27,250	26,100	-400	750
Goods-producing	2,050	2,250	1,900	-200	150
Mining	150	150	100	0	50
Construction	1,400	1,600	1,300	-200	100
Manufacturing	500	500	500	0	0
Service-producing	24,800	25,000	24,200	-200	600
Transportation	1,900	2,000	1,750	-100	150
Trucking & Warehousing	450	500	450	-50	0
Air Transportation	400	400	350	0	50
Communications	250	250	250	0	0
Trade	5,850	5,850	5,800	0	50
Wholesale Trade	700	700	700	0	0
Retail Trade	5,150	5,150	5,100	0	50
Gen. Merch. & Apparel	650	650	750	0	-100
Food Stores	800	800	800	0	0
Eating & Drinking Places	1,750	1,800	1,700	-50	50
Finance-Ins. & Real Estate	900	900	850	0	50
Services & Misc.	6,000	6,100	5,850	-100	150
Government	10,150	10,150	9,950	0	200
Federal	3,000	2,950	3,100	50	-100
State	4,350	4,400	4,200	-50	150
Local	2,800	2,800	2,650	0	150

Anchorage-MatSu Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	116,700	117,000	112,450	-300	4,250
Goods-producing	10,600	11,350	9,500	-750	1,100
Mining	3,800	3,850	3,500	-50	300
Construction	4,700	5,300	4,000	-600	700
Manufacturing	2,100	2,200	2,000	-100	100
Service-producing	106,100	105,650	102,950	450	3,150
Transportation	11,050	11,150	10,950	-100	100
Trade	28,850	28,600	27,750	250	1,100
Finance-Ins. & Real Estate	7,300	7,300	7,250	0	50
Services & Misc.	29,350	29,250	27,950	100	1,400
Government	29,550	29,350	29,050	200	500
Federal	10,550	10,450	10,450	100	100
State	8,800	8,850	8,550	-50	250
Local	10,200	10,050	10,050	150	150

Interior Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	30,700	31,150	30,050	-450	650
Goods-producing	2,300	2,600	2,150	-300	150
Mining	300	350	250	-50	50
Construction	1,450	1,700	1,350	-250	100
Manufacturing	550	550	550	0	0
Service-producing	28,400	28,550	27,900	-150	500
Transportation	2,150	2,250	1,950	-100	200
Trade	6,300	6,250	6,200	50	100
Finance-Ins. & Real Estate	950	950	950	0	0
Services	6,500	6,600	6,300	-100	200
Government	12,500	12,500	12,500	0	0
Federal	3,550	3,500	3,650	50	-100
State	4,600	4,650	4,500	-50	100
Local	4,350	4,350	4,350	0	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

(cont. on page 13)

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	30,600	31,800	30,450	-1,200	150
Goods-producing	4,800	5,750	5,150	-950	-350
Mining	350	350	300	0	50
Construction	1,000	1,050	950	-50	50
Manufacturing	3,450	4,350	3,900	-900	-450
Durable Goods	1,700	2,400	2,150	-700	-450
Lumber & Wood Products	1,550	2,300	2,000	-750	-450
Nondurable Goods	1,750	1,950	1,750	-200	0
Seafood Processing	650	900	650	-250	0
Pulp Mills	900	850	950	50	-50
Service-producing	25,800	26,050	25,300	-250	500
Transportation	2,250	2,300	2,200	-50	50
Trade	5,150	5,250	5,050	-100	100
Wholesale Trade	650	650	600	0	50
Retail Trade	4,500	4,600	4,450	-100	50
Finance-Ins. & Real Estate	1,100	1,100	1,050	0	50
Services & Misc.	5,000	4,950	5,000	50	0
Government	12,300	12,450	12,000	-150	300
Federal	2,100	2,150	2,100	-50	0
State	5,300	5,450	5,350	-150	-50
Local	4,900	4,850	4,550	50	350

Gulf Coast Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	20,750	21,050	20,300	-300	450
Goods-producing	4,400	4,650	4,350	-250	50
Mining	950	950	900	0	50
Construction	900	950	900	-50	0
Manufacturing	2,550	2,750	2,550	-200	0
Seafood Processing	1,500	1,700	1,500	-200	0
Service-producing	16,350	16,400	15,950	-50	400
Transportation	1,650	1,650	1,500	0	150
Trade	3,700	3,700	3,500	0	200
Wholesale Trade	450	450	450	0	0
Retail Trade	3,250	3,250	3,050	0	200
Finance-Ins. & Real Estate	550	550	550	0	0
Services & Misc.	4,300	4,350	4,100	-50	200
Government	6,150	6,150	6,300	0	-150
Federal	600	600	550	0	50
State	1,800	1,800	1,950	0	-150
Local	3,750	3,750	3,800	0	-50

Northern Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	14,300	14,750	13,950	-450	350
Goods-producing	5,850	6,250	5,550	-400	300
Mining	5,300	5,700	5,050	-400	250
Service-producing	8,450	8,500	8,400	-50	50
Government	4,500	4,500	4,500	0	0
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,900	3,900	3,900	0	0

Southwest Region

	p/	r/		Changes from:	
	12/90	11/90	12/89	11/90	12/89
Total Nonag. Wage & Salary	13,850	13,750	13,450	100	400
Goods-producing	3,200	3,050	2,950	150	250
Seafood Processing	2,800	2,500	2,600	300	200
Service-producing	10,650	10,700	10,500	-50	150
Government	6,250	6,300	6,300	-50	-50
Federal	1,300	1,350	1,400	-50	-100
State	550	550	550	0	0
Local	4,400	4,400	4,350	0	50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

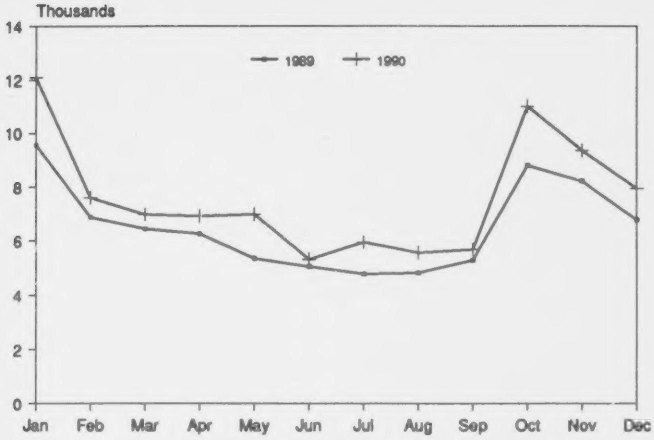
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1989 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 1

Alaska Unemployment Claims 1989-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Neal Fried is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

More astonishing is the possibility that a housing shortage may soon be plaguing many communities. One already exists in Juneau where the vacancy rate is as low as 1%. In Valdez the housing situation is so tight that Alyeska Pipeline Company is working with the City of Valdez and a developer to find a solution to the city's housing shortage. The Mayor of Anchorage appointed a task force to help find housing for the new tactical fighter wing's families by late 1991.

Unemployment Rate Climbs

Although a good Christmas season and positive real estate news lent some warmth to Alaska's economy in December, the rest of the economy was headed into the deep freeze. More than 2,000 jobs were lost in December, not an unusual event for this time of year. Because of these seasonal losses the unemployment rate for Alaska climbed from 6.7% in November to 7.4% in December. (See Table 4.) The rate is slightly higher than last December but remains below historical winter levels.

Higher Unemployment Not Necessarily A Bad Sign

The number of unemployment claims filed in December was more than two thousand higher than a year ago. (See Figure 1.) If an increase of this magnitude was occurring in the nation, it would be interpreted as a slowdown in the economy or, worse yet, the beginning of a recession. In Alaska, however, this increase in unemployment claims comes as the result of robust economic activity. More people are working in Alaska's seasonal industries, and therefore more workers are eligible for unemployment benefits when seasonal layoffs are made.

For example, nearly 1,000 more construction workers were employed this December than last, but the number of unemployment claimants from this industry was also 134 above last year (See Table 1). Alaska's seasonal industries are disproportionately represented among the claimants. Alaska's construction and manufacturing (mostly fish processing and timber) industries accounted for only 9% of all wage and salary employment in December but they had 28% of all unemployment claims.

Another interesting trend is the dramatic increase in the number of claimants who recently moved to Alaska and are receiving unemployment checks based against wages earned in another state. These numbers are forecasted to continue to grow because of the deteriorating national employment picture. This is contributing to a higher unemployment rate.

Bank Opening Is An Important Symbolic Event

The opening of the new Northrim Bank in Anchorage in December was not as much of an employment event (they have 24 employees) as it was an important symbolic event for Alaska's banking community. Fewer than half of the banks in the state in 1984 exist today. Any new entry is an important sign that this industry is finally on the mend.

Alaska's financial industry is one of the few industries where employment has yet to begin recovery. With Northrim's entry and positive news coming from other institutions, employment may finally begin to increase. Although some financial institutions are large employers, the industry as a whole is a relatively small employer in the state. This industry's prominence in the economy is not so much as an employer but as a vehicle to help other businesses grow.

All Regions Contribute To A Positive Economic Picture

In December of 1990 all of Alaska's regions had more employment than in December 1989. (See Figure 2 and Table 2.) For the second month in a row the Gulf region's employment showed up on the plus side of the ledger. This is because the oil spill factor is no longer in the equation – by December of 1989 there were no spill workers in the region. There has been underlying growth in the region's economy during most of the year. Now that over-the-year comparisons are not being

Table • 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 12/90	r/ 11/90	12/89	p/ 12/90	r/ 11/90	12/89	p/ 12/90	r/ 11/90	12/89
Mining	$1,158.66	$1,163.37	$1,088.90	48.5	49.4	47.2	$23.89	$23.55	$23.07
Construction	1,040.29	1,042.59	989.00	44.4	43.1	43.8	23.43	24.19	22.58
Manufacturing	491.44	505.59	546.62	37.4	38.1	39.1	13.14	13.27	13.98
Seafood Processing	332.70	380.59	362.85	36.4	41.1	41.0	9.14	9.26	8.85
Trans., Comm. & Utilities	613.25	578.64	588.76	35.8	34.3	34.9	17.13	16.87	16.87
Trade	413.57	404.69	385.10	35.9	34.5	34.6	11.52	11.73	11.13
Wholesale	597.98	564.80	548.49	41.7	40.0	38.9	14.34	14.12	14.10
Retail	354.62	352.18	334.32	34.0	32.7	33.2	10.43	10.77	10.07
Finance-Ins. & R.E.	413.50	401.80	402.34	36.4	35.0	35.7	11.36	11.48	11.27

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1989

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

made with an economy inflated with oil spill workers, this growth is clearly evident.

Oil and hard rock mining kept the Northern region's employment numbers up. Fishing was Southwest Alaska's key to growth. Southeast's growth was tenuous at best but its mining, construction, and service-producing sectors were strong enough to more than make up for its weakening timber industry.

Small increases in most of Fairbanks' and Interior's industries helped sustain growth. Larger pluses in most industries in the Anchorage/Matsu region kept this area's employment numbers in the black.

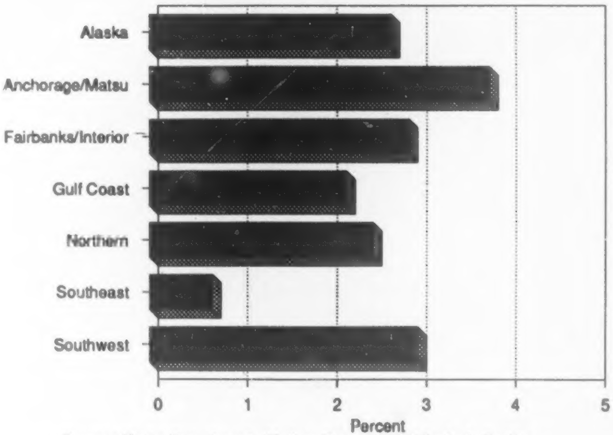
Summary: 1990 Was A Good Year

Alaska's economy is ending the year on a positive note – particularly when contrasted with the nation's economic performance. Employment in Alaska is expanding. A strong rebound in the real estate market is continuing. State government is operating in the black. A new bank opened its doors in December.

Alaska's present positive economic picture is a statewide phenomenon, although there are some weak spots such as the softening timber industry in Southeast. Alaskans now have two complete years of strong economic recovery behind them. It appears the trend will continue in 1991, although certainly with some new twists.

Figure • 2

Employment Growth Rates December 1989-December 1990



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 4

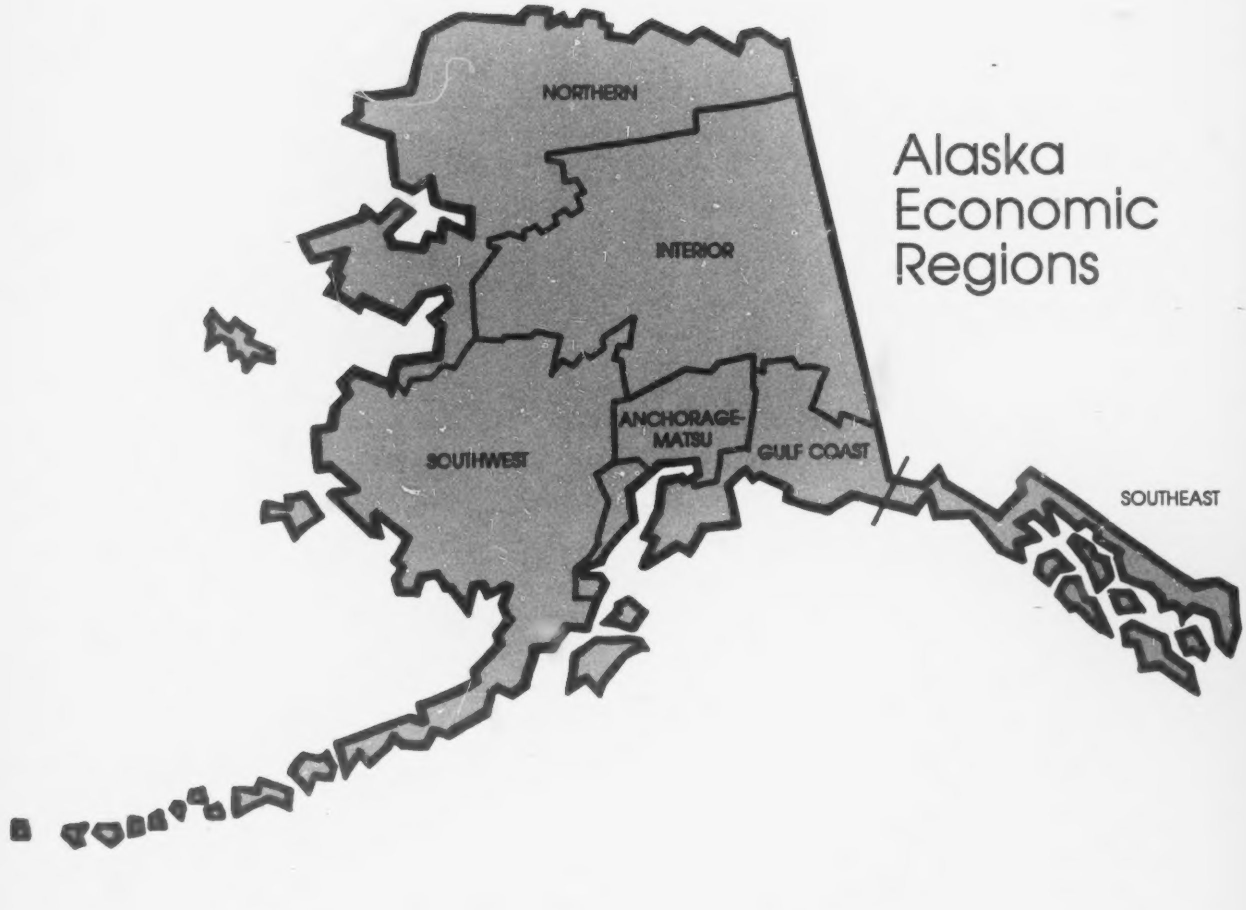
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 12/90	r/ 11/90	12/89	p/ 12/90	r/ 11/90	12/89	p/ 12/90	r/ 11/90	12/89	p/ 12/90	r/ 11/90	12/89
Alaska Statewide	254,366	254,146	252,084	18,943	16,942	17,732	7.4%	6.7%	7.0%	235,423	237,204	234,352
Anch.-MatSu Region	134,660	133,965	132,633	8,182	7,448	7,911	6.1	5.6	6.0	126,478	126,517	124,722
Municipality of Anchorage	119,349	118,457	117,466	6,284	5,747	5,907	5.3	4.9	5.0	113,065	112,710	111,559
MatSu Borough	15,311	15,508	15,167	1,898	1,701	2,004	12.4	11.0	13.2	13,413	13,807	13,163
Gulf Coast Region	27,677	27,630	27,373	3,063	2,735	2,860	11.1	9.9	10.4	24,614	24,895	24,513
Kenai Peninsula Borough	17,156	17,211	16,946	2,074	1,957	1,926	12.1	11.4	11.4	15,082	15,254	15,020
Kodiak Island Borough	6,272	6,166	6,253	525	354	530	8.4	5.7	8.5	5,747	5,812	5,723
Valdez-Cordova	4,249	4,253	4,174	464	424	404	10.9	10.0	9.7	3,785	3,829	3,770
Interior Region	36,347	36,285	36,081	3,504	3,081	3,147	9.6	8.5	8.7	32,843	33,204	32,934
Fairbanks North Star Bor.	31,303	31,305	31,040	2,826	2,515	2,484	9.0	8.0	8.0	28,477	28,790	28,556
Southeast Fairbanks	2,119	2,077	2,064	299	237	239	14.1	11.4	11.6	1,820	1,840	1,825
Yukon-Koyukuk	2,925	2,903	2,977	379	329	424	13.0	11.3	14.2	2,546	2,574	2,553
Northern Region	8,336	8,434	8,395	518	474	529	6.2	5.6	6.3	7,818	7,960	7,866
Nome	3,109	3,117	3,125	249	205	247	8.0	6.6	7.9	2,860	2,912	2,878
North Slope Borough	3,048	3,100	3,081	91	89	106	3.0	2.9	3.4	2,957	3,011	2,975
Northwest Arctic Borough	2,179	2,217	2,189	178	180	176	8.2	8.1	8.0	2,001	2,037	2,013
Southeast Region	34,821	35,465	35,131	3,048	2,639	2,769	8.8	7.4	7.9	31,773	32,826	32,362
Haines Borough	858	858	863	103	78	94	12.0	9.1	10.9	755	780	769
Juneau Borough	15,228	15,617	15,475	859	772	840	5.6	4.9	5.4	14,369	14,845	14,635
Ketchikan Gateway Bor.	6,605	6,630	6,539	717	547	542	10.9	8.3	8.3	5,888	6,083	5,997
Pr. of Wales-Outer Ketch.	2,697	2,711	2,698	354	290	311	13.1	10.7	11.5	2,343	2,421	2,387
Sitka Borough	4,038	4,213	4,096	295	346	284	7.3	8.2	6.9	3,743	3,867	3,812
Skagway-Yakutat-Angoon	1,750	1,772	1,727	287	260	237	16.4	14.7	13.7	1,463	1,512	1,490
Wrangell-Petersburg	3,645	3,664	3,733	433	346	461	11.9	9.4	12.3	3,212	3,318	3,272
Southwest Region	12,525	12,367	12,471	628	565	516	5.0	4.6	4.1	11,897	11,802	11,955
Aleutians East Borough	876	869	893	5	5	18	0.6	0.6	2.0	871	864	875
Aleutians West	2,460	2,444	2,479	20	24	27	0.8	1.0	1.1	2,440	2,420	2,452
Bethel	4,839	4,741	4,734	330	268	203	6.8	5.7	4.3	4,509	4,473	4,531
Bristol Bay Borough	491	475	475	31	19	13	6.3	4.0	2.7	460	456	462
Dillingham	2,259	2,236	2,303	105	99	138	4.6	4.4	6.0	2,154	2,137	2,165
Wade Hampton	1,600	1,602	1,587	137	150	117	8.6	9.4	7.4	1,463	1,452	1,470

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1989

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.


NORTHERN
INTERIOR
SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

Alaska Economic Regions

ALASKA ECONOMIC TRENDS

April 1991

1990:

EMPLOYMENT GROWTH STRONGER THAN PREDICTED

BENCHMARK REVISIONS

EMPLOYMENT GAINS CONTINUE

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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April 1991
Volume 11
Number 4

Alaska State
Employment Service

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MADE IN ALASKA

1990: Employment Growth Stronger Than Predicted

by John Boucher, Neal Fried, Brian Rae, Holly Stinson

John Boucher, Neal Fried, Brian Rae and Holly Stinson are labor economists with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. They are based in Juneau and Anchorage.

Predictions abounded on Alaska's economy as 1989 ended and the new decade began. Most economists believed that the state would not sustain the 6.2% employment growth rate of 1989, boosted by the *Exxon Valdez* oil spill activity. Almost across the board for all sectors of the economy, however, employment growth was expected to continue, although at a much slower pace. In view of how strong the year's employment growth actually was, the 1.8% growth forecast in the May 1990 issue of *Alaska Economic Trends* now seems quite conservative.

Ten Thousand More Jobs In 1990

Led by strong performances in the mining and construction industries, statewide nonagricultural wage and salary employment grew by 10,100 jobs in 1990, for a growth rate of 4.4%. (See Table 1.) More remarkable is that if the oil spill's effect on the economy is discounted, 1990 was as good a year as 1989 in terms of employment growth.

From 1988 to 1989 the Alaskan economy added 13,400 jobs-which translates into a growth rate of 6.3%. If the jobs with the prime oil spill contractors are ignored, however, the growth picture looks different.

In 1989 about 2,500 jobs (on an annual average basis) were directly created by the cleanup. (For a detailed analysis of 1989, see the April 1990 *Trends*.) In 1990 that number dropped to about 250. If oil spill cleanup workers are factored out, employment growth in 1989 was 5.1%, and employment growth in 1990 was 5.5%. This ignores any indirect jobs that were created during 1989 or 1990. Examples of these jobs would be food service workers who fed the cleanup crews, or extra retail trade jobs created as cleanup workers spent their wages. But it is safe to say that the indirect effects on employment were greater in 1989 than they were in 1990. Fewer

Table • 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	1989 Annual Avg.	1990 Annual Avg.	Change	Percent Change
Total Nonag. Wage & Salary	227,100	237,200	10,100	4.4%
Goods-producing	35,700	38,700	3,000	8.4
Mining	10,200	11,500	1,300	12.7
Construction	9,800	10,500	700	7.1
Manufacturing	15,700	16,700	1,000	6.4
Durable Goods	3,800	3,800	0	0.0
Lumber & Wood Products	2,900	3,000	100	3.4
Nondurable Goods	11,900	12,800	900	7.6
Seafood Processing	8,300	9,100	800	9.6
Pulp Mills	900	900	0	0.0
Service-producing	191,400	198,500	7,100	3.7
Transportation	21,200	20,500	-700	-3.3
Trucking & Warehousing	2,400	2,600	200	8.3
Water Transportation	1,400	1,400	0	0.0
Air Transportation	6,200	6,600	400	6.5
Communications	3,200	3,300	100	3.1
Trade	44,200	46,100	1,900	4.3
Wholesale Trade	7,900	8,200	300	3.8
Retail Trade	36,300	37,900	1,600	4.4
Gen. Merch. & Apparel	5,400	5,800	400	7.4
Food Stores	6,400	6,600	200	3.1
Eating & Drinking Places	13,000	13,200	200	1.5
Finance-Ins. & Real Estate	10,300	10,300	0	0.0
Services & Misc.	46,900	50,900	4,000	8.5
Hotels & Lodging Places	5,000	5,500	500	10.0
Government	68,800	70,800	2,000	2.9
Federal	18,200	18,700	500	2.7
State	20,700	21,400	700	3.4
Local	29,900	30,700	800	2.7

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
Subtotals may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section.

support personnel were needed, and the accumulation of wealth that workers earned on the spill was gradually depleted as 1990 progressed.

Resurgent Mining, Construction Industries Led the Way

Buoyed by continued high oil prices and a favorable climate for mineral development, mining was Alaska's fastest growing industry in 1990. Nearly 1,300 additional mining jobs were available in 1990. Alaska's construction industry was not far behind. There was a crucial relationship between Alaska's construction employment and the oil and gas industry during the past year. Large projects like refurbishing the Trans-Alaska pipeline and building gas-handling facilities on the North Slope were instrumental in construction employment growth.

Alaska's seafood processing industry enjoyed a strong year for employment growth, posting a gain of 800 jobs. Continued success in the bottomfishery in Southwest Alaska was one reason, but the most important factor was bringing back into full production seafood processors in the Gulf Coast region of Alaska. During 1989 these seafood processors were severely limited in their processing capability due to the oil spill.

The transportation industry was down in comparison to 1989; however, that could have been expected because transportation was where most of the oil spill cleanup jobs were counted. Upon closer examination, 1990 was a good year for the transportation industry. Most sectors within the industry had more employment in 1990 than 1989. The air transportation sector provided some strong employment growth which helped offset the losses that occurred because of the oil spill. Expansion of staff at Alyeska Pipeline Service Company also added employment to the transportation industry in 1990.

Firefighters, Census, Education Boosted Government Employment

Unusual circumstances and a growing school-age population were the primary reasons for government employment growth in 1990. The 1990 census was the cause of most of the federal employment growth in 1990. State government employment also grew, and a good portion of that was attributable to the unusually large number of firefighters brought on during the summer. At the local level, governments throughout the state were scrambling to respond to increased school enrollments. The result was that education-related employment helped boost local government employment.

Unemployment Remained Low

Although unemployment increased marginally, 1990 was another good year for Alaskan job seekers. Early in the year a pattern was established in the statewide unemployment rate that characterized the labor force throughout 1990. The unemployment rate was consistently above 1989 levels but well below historical levels. The annual unemployment rate ended the year at 7.0%, the second lowest unemployment rate since 1978.

Anchorage Added 6,000 Jobs In 1990

Anchorage's economy generated more than 6,000 new wage and salary jobs in 1990-or 60% of the new jobs in the entire state. (See Table 2.) This is a 5.7% increase in employment, making 1990 Anchorage's best year in the last five and comparable to 1983. (See Figure 1.)

After two strong years of employment growth, Anchorage is well on the way to a full recovery. If 1991 is equally good to Anchorage, the city will surpass 1985's employment peak of 114,500. The best feature of Anchorage's vigorous growth is that it cannot be attributed to any one single project or industry. Instead, Anchorage's economic growth cut across most industries in 1990.

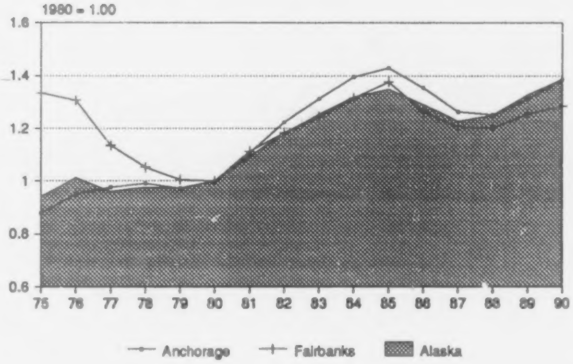
Why did Anchorage's economy grow so much? There are many reasons. Oil prices and oil revenues remained healthy. This kept the local oil industry and Anchorage's public sector in good shape. Anchorage enjoyed another good year of tourism and a record year for conventions. Even the federal sector contributed to Anchorage's growth in 1990. The U.S. Census Bureau's headquarters for the 1990 census was located in Anchorage; therefore, a large percentage of the total work force hired to conduct the 1990 population count ended up in Anchorage. The strong rebound in real estate prices in 1990 meant the negative equity positions of many individuals and businesses improved, freeing up capital for other pursuits.

As the commercial, financial and transportation center of the state, Anchorage benefitted from increased economic activity in other regions of Alaska. (See Table 2.) Personal income grew statewide, which meant residents throughout Alaska bought more goods and services from Anchorage. Since some of Anchorage's labor force work elsewhere in the state, other regions' prosperity often translates into paychecks for Anchorage residents. Suffice it to say, what is good for Alaska's economy is good for Anchorage.

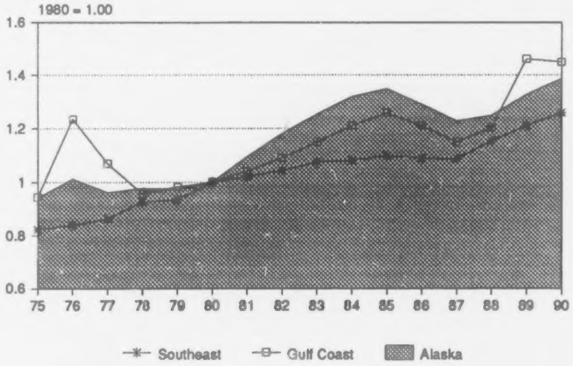
Figure • 1

Nonagricultural Wage and Salary Employment Index 1975-1990

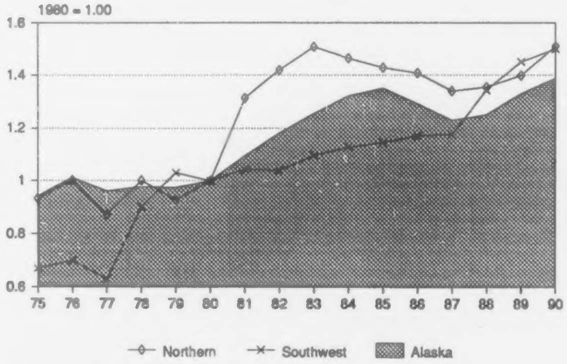
Anchorage - Fairbanks - Alaska



Southeast - Gulf Coast - Alaska



Northern - Southwest - Alaska



Source: Alaska Department of Labor, Research and Analysis Section.

The Service Industry Was Anchorage's Star Performer Again in 1990

Once again, Anchorage's largest industry generated the highest number of jobs-2,450. Because services is such a broadly defined industry, no single explanation for its strength is sufficient. Engineering services grew in concert with the increase in construction activity, like the pipeline repair work and oil industry projects on the North Slope. Business services' expansion was a reaction to the overall increase in economic activity. Medical services' growth was fueled by population increases in Anchorage as well as statewide. For example, Anchorage's population grew by 4,500 residents in 1990. Hotel and motel growth indicated a healthy tourism season and more business-related use.

Federal Express Kept Transportation Numbers High

The full impact of Federal Express employment was not apparent in 1989 because they operated fully staffed only during the last half of the year. An entire year of a fully staffed Federal Express helped boost Anchorage's 1990 air transportation employment by nearly 200 jobs. United Parcel Service (UPS) landed an important U.S.-Japan route in 1990; as a result, they expanded their staff in Anchorage.

Not all the news on the air transportation front was favorable. International passenger airlines kept deserting Anchorage. The longer reach of new passenger jets and use of the Asia-Europe route over the Soviet Union were the reasons. From an air transportation employment standpoint, however, the increase by Federal Express and UPS has thus far outweighed the jobs lost due to fewer international passenger flights.

New Housing Permits Doubled in 1990

The fastest growing industry in Anchorage during 1990 was construction, which grew at a 17.3% clip. (See Table 2.) According to the Municipality of Anchorage, the value of 1990 construction projects was $67 million above 1989 levels. Most of the increase was in single family housing permits, which nearly doubled from 198 in 1989 to 395 in 1990. There was also an increase in commercial construction activity, although alterations to existing buildings, rather than construction of new ones, made up the bulk of activity.

A sizable portion of Anchorage's construction employment represents activity taking place elsewhere. Many construction firms have their headquarters in Anchorage but their work takes

Table • 2

Wage and Salary Employment Change by Area
1989-1990

Municipality of Anchorage

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	105,000	111,000	6,000	5.7%
Goods-producing	10,600	11,900	1,300	12.3
Mining	3,550	3,850	300	8.5
Construction	4,900	5,750	850	17.3
Manufacturing	2,150	2,300	150	7.0
Service-producing	94,400	99,100	4,700	5.0
Transportation	10,100	11,000	900	8.9
Trucking & Warehousing	1,400	1,550	150	10.7
Water Transportation	300	300	0	0.0
Air Transportation	3,750	4,100	350	9.3
Communications	1,800	1,900	100	5.6
Trade	25,400	26,100	700	2.8
Wholesale Trade	5,900	5,850	-50	-0.8
Retail Trade	19,500	20,200	700	3.6
Gen. Merch. & Apparel	2,750	3,100	350	12.7
Food Stores	3,050	3,200	150	4.9
Eating & Drinking Places	7,650	7,650	0	0.0
Finance-Ins. & Real Estate	6,700	6,450	-250	-3.7
Services & Misc.	26,300	28,750	2,450	9.3
Hotels & Lodging Places	2,250	2,450	200	8.9
Government	25,900	26,850	950	3.7
Federal	10,200	10,450	250	2.5
State	7,250	7,700	450	6.2
Local	8,450	8,650	200	2.4

Fairbanks North Star Borough

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	26,600	27,250	650	2.4%
Goods-producing	2,450	2,300	-150	-6.1
Mining	150	150	0	0.0
Construction	1,750	1,550	-200	-11.4
Manufacturing	550	600	50	9.1
Service-producing	24,150	24,950	800	3.3
Transportation	1,900	2,000	100	5.3
Trucking & Warehousing	450	500	50	11.1
Air Transportation	350	450	100	[illegible]
Communications	300	300	0	0.0
Trade	5,800	5,950	150	2.6
Wholesale Trade	700	750	50	7.1
Retail Trade	5,100	5,200	100	2.0
Gen. Merch. & Apparel	650	600	-50	-7.7
Food Stores	750	800	50	6.7
Eating & Drinking Places	2,000	2,050	50	2.5
Finance-Ins. & Real Estate	800	800	0	0.0
Services & Misc.	5,950	6,200	250	4.2
Government	9,700	10,000	300	3.1
Federal	3,100	3,100	0	0.0
State	4,000	4,200	200	5.0
Local	2,600	2,700	100	3.8

Northern Region

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	13,550	14,650	1,100	8.1%
Goods-producing	5,500	6,150	650	11.8
Mining	5,100	5,700	600	11.8
Service-producing	8,050	8,450	400	5.0
Government	4,300	4,350	50	1.2
Federal	300	300	0	0.0
State	350	350	0	0.0
Local	3,650	3,700	50	1.4

Southwest Region

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	14,750	15,250	500	3.4%
Goods-producing	4,250	4,400	150	3.5
Seafood Processing	3,900	4,050	150	3.8
Service-producing	10,500	10,800	300	2.9
Government	6,150	6,200	50	0.8
Federal	1,350	1,300	-50	-3.7
State	550	550	0	0.0
Local	4,300	4,350	50	1.2

Gulf Coast Region

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	24,150	23,950	-200	-0.8%
Goods-producing	5,700	6,650	950	16.7
Mining	900	1,200	300	33.3
Construction	1,100	1,050	-50	-4.5
Manufacturing	3,700	4,400	700	18.9
Seafood Processing	2,750	3,450	700	25.5
Service-producing	18,450	17,300	-1,150	-6.2
Transportation	3,950	1,950	-2,000	-50.6
Trade	3,750	4,050	300	8.0
Wholesale Trade	550	500	-50	-9.1
Retail Trade	3,250	3,550	300	9.2
Finance-Ins. & Real Estate	550	600	50	9.1
Services & Misc.	4,250	4,550	300	7.1
Government	5,950	6,150	200	3.4
Federal	550	600	50	9.1
State	1,900	1,900	0	0.0
Local	3,500	3,600	100	2.9

Southeast Region

	1989	1990	Change	Percent Change
Total Nonag. Wage & Salary	32,350	33,700	1,350	4.2%
Goods-producing	6,550	6,500	-50	-0.8
Mining	300	350	50	16.7
Construction	1,100	1,150	50	4.5
Manufacturing	5,150	5,050	-100	-1.9
Durable Goods	2,700	2,650	-50	-1.9
Lumber & Wood Products	2,550	2,550	0	0.0
Nondurable Goods	2,450	2,400	-50	-2.0
Seafood Processing	1,350	1,350	0	0.0
Pulp Mills	950	900	-50	-5.3
Service-producing	25,850	27,200	1,350	5.2
Transportation	2,450	2,650	200	8.2
Trade	5,200	5,400	200	3.8
Wholesale Trade	550	600	50	9.1
Retail Trade	4,650	4,850	200	4.3
Finance-Ins. & Real Estate	1,050	1,050	0	0.0
Services & Misc.	5,150	5,650	500	9.7
Government	12,000	12,400	400	3.3
Federal	2,050	2,150	100	4.9
State	5,450	5,550	100	1.8
Local	4,500	4,650	150	3.3

Benchmark: March 1990

Subtotals may not add due to rounding. The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Source: Alaska Department of Labor, Research and Analysis Section place all over the state. Therefore, some of this employment activity is counted in Anchorage even though it takes place elsewhere.

A Good Job Market

Last year was a dynamic period for Anchorage's job market. One reason was the creation of thousands of new jobs. Another was that in an expanding economy, current job-holders often seek new employment opportunities and promotions occur. This in turn creates new job opportunities for first time job seekers or for others looking for a new job. The 11% increase in help wanted inches in Anchorage's two newspapers and an annual unemployment rate of 5.2%, the second lowest in the decade, confirmed the positive employment picture.

A Modest Year for Growth In Fairbanks

While Anchorage's economy heated up, Fairbanks' growth slowed from 1989's pace. Still, Fairbanks posted an employment gain of 2.4% in 1990, or 650 jobs. All industries except construction added jobs during the year.

Although Fairbanks construction declined by 200 jobs, Fairbanks still had a considerable amount of construction activity during 1990. Military construction declined only slightly from 1989 ($100 million in 1989 vs. $90 million in 1990). Meanwhile, the state's highway construction budget for Fairbanks almost doubled in 1990, and Fairbanks was the headquarters for some of the work on the Trans-Alaska pipeline repair project.

Several sectors of Fairbanks' economy reflected the area's increasing population. Some of the area's population gain is a result of a growing military population at Ft. Wainwright, where the number of military and their families has almost doubled in five years. Trade, services and real estate were all beneficiaries of this trend. Fairbanks' housing market tightened in 1990, with average asking prices for houses going up and apartment vacancy rates coming down.

Retail trade employment grew in spite of Nordstrom's closing its Fairbanks retail store in January. Confirmation of a healthy retail market was provided by plans for new stores in Fairbanks. One retailer, Fred Meyer, began construction of a second store in 1990 and another, Carr's Quality Centers, announced plans to build a second store in Fairbanks.

The transportation sector expanded in 1990. MarkAir relocated its maintenance operations to Fairbanks and Lufthansa Airlines moved its Alaska base from Anchorage to Fairbanks. Jobs in air transportation alone increased more than 28%.

In the public sector, the increase in local government employment was entirely in education. Fairbanks schools were full last fall, with enrollment well above projections. While the total number of federal jobs did not change, an increase in State government was due to more jobs at the University of Alaska and an unusually large number of temporary firefighting jobs. The Interior suffered through the biggest fire season in more than 20 years in the summer of 1990.

Although mining employment stagnated in Fairbanks, exploration activity escalated in the region and the Interior posted job growth in this industry. Fairbanks Gold revised their estimate of the gold deposit at their Fort Knox property upwards by half. They are currently seeking a partner or buyer to develop the mine, which has a potential gold reserve of six million ounces.

Mining Put Northern Region In Top Growth Spot

In contrast to Fairbanks, mining employment in the Northern region was anything but stagnant in 1990. The industry added 600 jobs on an annual average basis, with many more existing during the peak summer months. The Northern region led the state in growth rates, showing an 8.5% increase in 1990.

Several factors are behind the mining gain. On the oil and gas side, production at Prudhoe Bay is becoming more labor intensive as the giant oil field declines. Construction of a gas-handling facility to increase production at Prudhoe Bay also boosted employment in the mining and construction industries. As this facility, named GHX-1, neared completion late in 1990, ARCO Alaska announced plans to build GHX-2. This second facility is a billion dollar project and should keep employment levels up.

Also on the North Slope, BP Exploration announced reinstatement of their project to develop the Hurl State oilfield. BP shelved this project when it was only 10% complete, but 1990's oil prices were high enough (even before the August jump) to justify continuation. While the above projects were all good news for the oil industry, ARCO Alaska and BP Exploration announced a consolidation of some of their Prudhoe Bay operations, which could mean a loss of at least 100 jobs.

In the Nome area, hard rock mining is the source of mining jobs. Nome ranked as the top-producing gold district in the state for the fourth year in a row in 1990. In addition, much exploratory work took place in 1990. A blow was dealt Nome, however, when WestGold decided to permanently shut down their large gold dredge in October. With other regions experiencing growth in gold production and the departure of WestGold's dredge, Nome will likely lose its position in gold production.

In the Northwest Arctic Borough, the new Red Dog lead and zinc mine became fully operational in 1990, with the first shipment of zinc ore in August. Jointly operated by the regional Native corporation, NANA, and Cominco Mining Co., the mine means 300+ jobs, many of them filled by residents of the area. With an anticipated life of 50 years, these jobs should remain in the region for a long time to come. Production at Red Dog, along with the new Greens Creek mine near Juneau, accounted for a doubling of Alaska's value of mineral production in 1990.

Gulf Coast Employment Declined from 1989 Boom

The Gulf Coast was the only region in the state to show an employment decline in 1990. A glance at Tables 9 and 10 in the following article on the annual benchmark revision confirms that spill cleanup was what made the comparison with 1989 negative. During the first quarter of 1990 growth rates were at 10-13% compared to employment in the first quarter of 1989—before the *Exxon Valdez* spill happened. A comparison between 1988 and 1990 puts the region's growth at 20%.

While substantially fewer cleanup jobs existed in 1990, the big question was how the spill would affect the fishing and tourist industries. Tourism is not the mainstay of the Kodiak economy and the majority of visitors to the Kenai Peninsula are from within the state (mostly Anchorage and the southcentral region). Catering to visitors from outside the state, however, is big business in Valdez and for many small operators, such as fishing lodges, scattered throughout the region.

The tourism industry is not a standard industry employment category though, so gauging the tourist season is difficult. Tourism-related employment is spread among the transportation, retail trade, and services groups. One measure used in many coastal communities is the number of cruise ships that docked that year. In Valdez that number fell in 1990. Businesses were concerned that the publicity of 1989 would hurt them, others were confident it would only help. Anecdotal evidence points to a mixed season—some businesses had a better year, some did not.

The fishing industry is easier to measure—by counting the volume or value of fish harvested, or by number of jobs processing those fish. In 1990, Alaska's salmon harvest was an all-time record. Prince William Sound had a record run of pink salmon and Kodiak enjoyed a record harvest of red salmon. Kodiak's pink salmon catch, however, was less than half of what had been projected. Cook Inlet also saw a weak pink run.

Employment in seafood processing increased 25%—not surprising following a year which had fewer jobs than usual. Other industries exhibiting strong growth were trade and services which gained 300 jobs each. These gains are on top of large increases during 1989, when many employers were swamped with more business than usual.

Other bright spots in the Gulf Coast in 1990 were the new exploratory projects for oil and gas in Cook Inlet, and the sawmill in Seward becoming fully operational.

Southwest Region Continued Bottomfish Boom

The underpinning of economic growth in the Southwest region is the fishing industry. Last year saw a continued expansion of seafood processing facilities in the Aleutian Islands. All this activity is taking place because of the groundfish harvest. Three firms expanded their plants in Unalaska to take advantage of the demand for surimi and fish meal. The Pribilof Island communities of St. George and St. Paul were both busy constructing new harbors in order to capture some of the bottomfishing business.

Total groundfish catch (in all areas of Alaska) was 38% above 1989, with pollock making up three-fourths of the harvest. An indication that the harvest is at maximum levels occurred this past October. For the first time, harvesters reached the annual quota before the year ended in the Bering Sea and Aleutian regions.

Harvesters in Bristol Bay had the second best season ever for red salmon. The only larger harvest occurred in the last century. Even though prices were half those paid just two years ago, the size of the harvest allowed for a record value of $200 million. The area also saw a resurgence of red king crab; in 1990 the best catch was made since the pre-crash year of 1981.

Support for a burgeoning fishing industry translated into growth in other sectors of Southwest's economy. Although not reported separately in the Southwest region employment tables, jobs with the region's trade and transportation sectors accounted for half of total growth in 1990.

Southeast: Another Year of Slow, Steady Growth

Southeast Alaska continues to be the most stable region in the state in terms of employment, largely ignoring the booms and busts which have affected most other regions over the last 15 years. (See Figure 1.) This trend continued in 1990, as employment growth moderated from a relatively high 4.9% between 1988 and 1989 to 4.2% between 1989 and 1990. (See Table 2.)

The slowdown in employment growth was experienced in every industry in Southeast except for one, services, which continued a rapid expansion. The slowdown was fairly evenly distributed throughout the other industries. This meant the service-producing industries led in percentage employment gains for the region for the second straight year. Service-producing industries created 1,350 jobs in Southeast in 1990, a 5.2% rise in employment over the year. Only finance-insurance and real estate (FIRE) showed no growth, while all other major industries provided at least 200 new jobs during the year.

Stagnant or declining employment in the region's major manufacturing industries, seafood processing and wood products, more than offset the slight employment gains in mining and construction. In total, the goods-producing industries posted a slight decline over the year. The region's timber industry began the year with concerns about the Tongass Timber Reform Act then being hammered out in Congress. However, very little if any of the decline in wood products employment in 1990 occurred because of this legislation. Instead, after a strong first half of the year, a weakening market and inclement weather conspired to force down employment in the latter half of 1990.

Summary: '90 Another Good Year for Alaska's Economy

In 1990 Alaska posted a 4.4% employment growth rate and the 7.0% unemployment rate was the second lowest since 1978. This performance was surprisingly strong given expectations of a letdown following the oil spill in 1989. Anchorage and Northern Alaska led the way in terms of regional growth. In terms of industry employment growth, mining, services and construction added jobs at the fastest rate. Overall, 1990 was another stellar year for the Alaskan economy.

On the Annual Benchmark Revision

By John Boucher

Employment Data Revised for Last 24 Months

John Boucher is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

In January of every year, nonagricultural wage and salary employment estimates are revised by a procedure referred to as **benchmarking**. The 1990 benchmark, which revised the employment estimates for all of 1989 and 1990, was just completed and the revised estimates are published on the following pages.

Monthly Job Estimates Based On a Sample of Employers

The monthly employment estimates published in this magazine are based on a sample of employers. Current monthly employment is estimated using employment information from approximately 1,400 of Alaska's 15,600 firms. While less than 10% of Alaska's employers are in the U.S. Department of Labor's Current Employment Statistics (CES) program sample, a much larger percentage of total employment is represented. For example, the firms sampled in June of 1990 included 115,100 of a total nonagricultural wage and salary employment of 252,700. These firms voluntarily participate in the CES program. The firms' data allow Alaska Department of Labor economists to produce reliable and timely estimates on both the direction and the magnitude of

(continued on page 10)

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Alaska 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	202,200	207,200	211,400	219,100	229,300	241,700	248,200	249,700	243,000	230,400	223,000	220,300	227,100
Goods-producing	26,500	28,200	30,300	32,800	36,300	41,700	47,300	46,200	40,400	36,800	32,600	29,500	35,700
Mining	9,200	9,500	9,700	9,700	9,900	10,400	10,800	11,100	10,800	10,900	10,700	10,200	10,200
Construction	6,600	6,600	7,100	8,300	10,000	11,600	11,900	12,500	12,600	11,800	10,000	8,600	9,800
Manufacturing	10,700	12,100	13,500	14,800	16,400	19,700	24,600	22,600	17,000	14,100	11,900	10,700	15,700
Durable Goods	2,100	2,400	3,100	3,500	4,200	4,500	4,500	4,700	4,600	4,400	4,000	3,100	3,800
Lumber & Wood Products	1,500	1,800	2,400	2,700	3,300	3,600	3,600	3,700	3,600	3,500	3,200	2,400	2,900
Nondurable Goods	8,600	9,700	10,400	11,300	12,200	15,200	20,100	17,900	12,400	9,700	7,900	7,600	11,900
Seafood Processing	5,100	6,100	6,800	7,700	8,500	11,300	16,200	14,100	8,700	6,200	4,300	4,000	8,300
Pulp Mills	900	900	900	900	1,000	1,000	1,000	1,000	900	900	900	900	900
Service-producing	175,700	179,000	181,100	186,300	193,000	200,000	200,900	203,500	202,600	193,600	190,400	190,800	191,400
Transportation	16,300	16,400	16,700	19,000	22,200	24,900	27,000	27,400	25,000	20,700	19,200	19,100	21,200
Trucking & Warehousing	2,000	2,000	2,000	2,200	2,400	2,600	2,600	2,600	2,600	2,400	2,400	2,500	2,400
Water Transportation	800	1,000	1,000	1,100	1,400	1,700	1,900	1,900	1,800	1,400	1,200	1,200	1,400
Air Transportation	5,400	5,300	5,500	5,600	6,000	6,500	6,900	7,000	6,800	6,300	6,300	6,300	6,200
Communications	3,100	3,100	3,100	3,200	3,200	3,200	3,300	3,300	3,300	3,200	3,200	3,200	3,200
Trade	40,200	40,200	41,100	42,300	44,500	46,900	47,300	47,400	46,400	44,800	44,600	44,800	44,200
Wholesale Trade	7,200	7,200	7,300	7,600	8,000	8,400	8,500	8,500	8,300	8,100	8,000	8,000	7,900
Retail Trade	33,000	33,000	33,800	34,700	36,500	38,500	38,800	38,900	38,100	36,700	36,600	36,800	36,300
Gen. Merch. & Apparel	4,900	4,800	4,900	5,000	5,300	5,400	5,400	5,500	5,500	5,500	6,000	6,200	5,400
Food Stores	6,000	5,900	6,200	6,300	6,400	6,700	6,900	6,900	6,900	6,400	6,200	6,200	6,400
Eating & Drinking Places	11,600	11,800	12,000	12,400	13,200	14,300	14,300	14,300	13,900	13,100	12,700	12,500	13,000
Finance-Ins. & Real Estate	10,400	10,400	10,300	10,300	10,300	10,600	10,200	10,400	10,400	10,300	10,300	10,200	10,300
Services & Misc.	42,700	43,500	43,800	45,000	47,100	49,800	50,400	50,900	49,700	47,100	46,600	46,600	46,900
Hotels & Lodging Places	3,900	4,000	4,200	4,400	4,900	6,200	6,700	6,400	5,800	4,700	4,400	4,500	5,000
Government	66,100	68,500	69,200	69,700	68,900	67,800	66,000	67,400	71,100	70,700	69,700	70,100	68,800
Federal	17,500	17,500	17,700	17,700	18,100	18,800	18,900	19,100	18,800	18,200	17,900	18,500	18,200
State	19,000	20,700	20,800	21,100	19,900	20,100	20,200	20,200	22,100	21,700	21,200	21,100	20,700
Local	29,600	30,300	30,700	30,900	30,900	28,900	26,900	28,100	30,200	30,800	30,600	30,500	29,900

Alaska 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	214,100	220,600	225,600	232,700	240,700	252,700	256,900	256,200	249,200	238,300	231,100	228,200	237,200
Goods-producing	28,500	30,800	33,200	37,200	40,000	46,000	51,400	49,700	43,000	38,500	34,200	31,400	38,700
Mining	9,900	10,300	10,400	10,700	11,200	12,300	12,700	13,100	12,500	11,900	11,700	11,100	11,500
Construction	7,200	7,400	8,200	9,300	10,500	12,700	13,000	13,400	13,000	12,100	10,300	9,000	10,500
Manufacturing	11,400	13,100	14,600	17,200	18,300	21,000	25,700	23,200	17,500	14,500	12,200	11,300	16,700
Durable Goods	2,400	2,600	3,300	4,100	4,400	4,700	4,800	4,800	4,600	4,200	3,400	2,600	3,800
Lumber & Wood Products	1,800	1,900	2,600	3,300	3,500	3,700	3,800	3,900	3,600	3,300	2,700	1,900	3,000
Nondurable Goods	9,000	10,500	11,300	13,100	13,900	16,300	20,900	18,400	12,900	10,300	8,800	8,700	12,800
Seafood Processing	5,500	6,900	7,700	9,400	10,100	12,400	16,900	14,500	9,100	6,500	5,000	4,900	9,100
Pulp Mills	900	900	900	900	900	900	900	1,000	900	900	900	900	900
Service-producing	185,600	189,800	192,400	195,500	200,700	206,700	205,500	206,500	206,200	199,800	196,900	196,800	198,500
Transportation	18,100	18,400	18,800	19,200	20,600	22,400	22,600	23,000	22,300	20,700	20,000	19,700	20,500
Trucking & Warehousing	2,200	2,300	2,500	2,400	2,600	2,800	2,800	3,000	2,700	2,600	2,500	2,600	2,600
Water Transportation	1,100	1,100	1,100	1,200	1,500	1,700	1,900	1,900	1,600	1,400	1,200	1,100	1,400
Air Transportation	6,000	6,000	6,100	6,300	6,600	7,100	7,300	7,200	7,100	6,500	6,400	6,300	6,600
Communications	3,200	3,200	3,200	3,200	3,300	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,300
Trade	42,600	42,500	43,100	44,300	46,600	48,600	48,900	49,300	48,200	46,600	46,100	46,400	46,100
Wholesale Trade	7,500	7,600	7,700	7,900	8,200	8,500	8,600	8,600	8,600	8,400	8,200	8,200	8,200
Retail Trade	35,100	34,900	35,400	36,400	38,400	40,100	40,300	40,700	39,600	38,200	37,900	38,200	37,900
Gen. Merch. & Apparel	5,500	5,300	5,300	5,400	5,600	6,100	6,000	6,200	6,000	5,900	6,300	6,400	5,800
Food Stores	6,200	6,200	6,200	6,400	6,700	6,800	6,800	7,200	7,100	6,700	6,400	6,600	6,600
Eating & Drinking Places	12,000	12,000	12,300	12,800	13,800	14,400	14,500	14,400	13,900	13,200	12,800	12,700	13,200
Finance-Ins. & Real Estate	10,000	10,000	10,100	10,100	10,400	10,500	10,400	10,500	10,300	10,300	10,200	10,200	10,300
Services & Misc.	46,700	47,900	48,600	49,400	51,400	54,300	54,700	54,500	53,100	50,400	49,700	49,700	50,900
Hotels & Lodging Places	4,300	4,400	4,500	4,800	5,300	6,900	7,200	7,200	6,400	5,200	4,800	4,800	5,500
Government	68,200	71,000	71,800	72,500	71,700	70,900	68,900	69,200	72,300	71,800	70,900	70,800	70,800
Federal	18,100	18,200	18,500	18,700	19,000	19,500	19,600	19,200	19,200	18,300	18,000	18,100	18,700
State	19,700	21,600	21,800	21,900	20,800	21,500	21,500	21,300	22,000	21,700	21,600	21,300	21,400
Local	30,400	31,200	31,500	31,900	31,900	29,900	27,800	28,700	31,100	31,800	31,300	31,400	30,700

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990. Source: Alaska Department of Labor, Research and Analysis Section.

Nonagricultural Wage and Salary Employment
By Place of Work 1989 & 1990

Southeast Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	27,650	28,500	29,500	31,300	32,650	34,350	35,600	36,650	35,600	33,300	32,150	31,100	32,350
Goods-producing	4,000	4,300	5,100	6,350	6,750	7,600	8,500	9,200	7,900	7,100	6,350	5,300	6,550
Mining	250	250	250	250	300	300	350	350	350	300	300	300	300
Construction	700	700	850	1,050	1,100	1,200	1,250	1,350	1,350	1,[illegible]00	1,150	1,000	1,100
Manufacturing	3,050	3,350	4,000	5,050	5,350	6,100	6,900	7,500	6,200	[illegible],500	4,900	4,000	5,150
Durable Goods	1,400	1,700	2,350	2,600	3,050	3,250	3,200	3,350	3,300	[illegible],200	2,950	2,200	2,700
Lumber & Wood Products	1,250	1,550	2,200	2,400	2,900	3,100	3,050	3,200	3,200	3,100	2,800	2,050	2,550
Nondurable Goods	1,650	1,650	1,650	2,450	2,300	2,850	3,700	4,150	2,900	2,300	1,950	1,800	2,450
Seafood Processing	600	550	600	1,350	1,150	1,650	2,550	3,000	1,800	1,250	900	650	1,350
Pulp Mills	900	900	900	900	950	1,000	950	1,000	950	900	900	950	950
Service-producing	23,650	24,200	24,400	24,950	25,900	26,750	27,100	27,450	27,700	26,200	25,800	25,800	25,850
Transportation	1,900	2,000	2,050	2,050	2,350	2,750	3,000	3,000	2,950	2,450	2,400	2,300	2,450
Trade	4,600	4,650	4,700	4,850	5,250	5,650	5,800	5,800	5,550	5,200	5,150	5,200	5,200
Wholesale Trade	450	450	450	500	600	600	600	600	550	600	600	600	550
Retail Trade	4,150	4,200	4,250	4,350	4,650	5,050	5,200	5,200	5,000	4,600	4,550	4,600	4,650
Finance-Ins. & Real Estate	950	1,000	1,000	1,050	1,100	1,050	1,000	1,050	1,100	1,100	1,100	1,050	1,050
Services & Misc.	4,600	4,700	4,750	4,900	5,150	5,450	5,600	5,650	5,600	5,250	5,100	5,200	5,150
Government	11,600	11,850	11,900	12,100	12,050	11,850	11,700	11,950	12,500	12,200	12,050	12,050	12,000
Federal	1,850	1,850	1,900	1,950	2,050	2,200	2,250	2,250	2,250	2,050	2,000	2,100	2,050
State	5,300	5,450	5,450	5,500	5,400	5,450	5,350	5,400	5,650	5,550	5,450	5,350	5,450
Local	4,450	4,550	4,550	4,650	4,600	4,200	4,100	4,300	4,600	4,600	4,600	4,600	4,500

Southeast Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	29,500	30,150	31,300	33,650	34,900	36,650	37,450	37,950	36,300	33,550	32,050	30,800	33,700
Goods-producing	4,350	4,500	5,400	6,900	7,100	7,550	8,400	8,850	7,750	6,700	5,850	4,800	6,500
Mining	300	300	300	350	350	350	350	350	350	350	350	350	350
Construction	800	800	850	1,300	1,250	1,350	1,300	1,300	1,300	1,200	1,100	950	1,150
Manufacturing	3,250	3,400	4,250	5,250	5,500	5,850	6,750	7,200	6,100	5,150	4,400	3,500	5,050
Durable Goods	1,600	1,700	2,400	2,800	3,100	3,200	3,300	3,350	3,050	2,900	2,450	1,700	2,650
Lumber & Wood Products	1,550	1,600	2,300	2,750	3,000	3,150	3,200	3,250	3,000	2,800	2,350	1,600	2,550
Nondurable Goods	1,650	1,700	1,850	2,450	2,400	2,650	3,450	3,850	3,050	2,250	1,950	1,800	2,400
Seafood Processing	600	650	800	1,400	1,300	1,550	2,300	2,650	1,950	1,150	900	650	1,350
Pulp Mills	850	850	850	900	850	900	900	950	900	900	850	900	900
Service-producing	25,150	25,650	25,900	26,750	27,800	29,100	29,050	29,100	28,550	26,850	26,200	26,000	27,200
Transportation	2,250	2,250	2,300	2,300	2,650	3,200	3,150	3,200	3,000	2,600	2,400	2,300	2,650
Trade	4,900	4,900	5,000	5,200	5,500	5,900	6,000	6,150	5,650	5,400	5,200	5,200	5,400
Wholesale Trade	600	600	600	600	600	650	600	600	550	600	550	550	600
Retail Trade	4,300	4,300	4,400	4,600	4,900	5,250	5,400	5,550	5,100	4,800	4,650	4,650	4,850
Finance-Ins. & Real Estate	1,000	1,000	1,000	1,050	1,150	1,100	1,100	1,100	1,050	1,100	1,050	1,050	1,050
Services & Misc.	5,000	5,100	5,200	5,550	6,000	6,500	6,500	6,300	6,100	5,450	5,200	5,150	5,650
Government	12,000	12,400	12,400	12,650	12,500	12,400	12,300	12,350	12,750	12,300	12,350	12,300	12,400
Federal	1,950	1,900	1,950	2,100	2,150	2,300	2,400	2,350	2,400	2,200	2,150	2,100	2,150
State	5,450	5,750	5,650	5,700	5,600	5,700	5,750	5,550	5,550	5,400	5,400	5,300	5,550
Local	4,600	4,750	4,800	4,850	4,750	4,400	4,150	4,450	4,800	4,700	4,800	4,900	4,650

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

Tables • 5 & 6

Nonagricultural Wage and Salary Employment
By Place of Work 1989 & 1990

Anchorage-MatSu Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	104,250	105,700	106,750	108,200	111,050	114,300	115,600	116,900	117,250	114,450	113,300	113,000	117,750
Goods-producing	8,900	9,100	9,350	10,050	11,050	11,950	12,750	13,100	12,900	11,950	10,950	10,150	11,000
Mining	3,600	3,700	3,750	3,750	3,650	3,600	3,600	3,700	3,650	3,650	3,600	3,600	3,650
Construction	3,450	3,550	3,700	4,300	5,200	5,800	6,150	6,400	6,700	6,200	5,350	4,650	5,100
Manufacturing	1,850	1,850	1,900	2,000	2,200	2,550	3,000	3,000	2,550	2,100	2,000	1,900	2,250
Service-producing	95,350	96,600	97,400	98,150	100,000	102,350	102,850	103,800	104,350	102,500	102,350	102,850	100,700
Transportation	9,350	9,450	9,550	9,950	10,550	11,200	11,650	11,700	11,800	11,500	11,050	11,150	10,750
Trade	25,400	25,300	25,750	25,950	26,800	27,600	27,800	28,100	27,900	27,550	27,750	27,850	27,000
Finance-Ins. & Real Estate	7,300	7,350	7,250	7,200	7,000	7,150	6,950	7,050	7,000	7,000	7,100	7,000	7,100
Services & Misc.	25,600	26,150	26,250	26,500	27,700	28,850	29,050	29,200	28,650	27,650	27,700	27,750	27,600
Government	27,700	28,350	28,600	28,550	27,950	27,550	27,400	27,750	29,000	28,800	28,750	29,100	28,300
Federal	10,250	10,200	10,250	10,050	10,100	10,350	10,400	10,500	10,350	10,250	10,250	10,650	10,300
State	7,450	8,150	8,200	8,350	7,650	7,650	7,600	7,550	8,550	8,550	8,500	8,400	8,050
Local	10,000	10,000	10,150	10,150	10,200	9,550	9,400	9,700	10,100	10,000	10,000	10,050	9,950

Anchorage-MatSu Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	110,200	112,700	114,550	115,500	117,900	122,750	122,700	123,450	123,450	120,600	118,600	[illegible]	118,350
Goods-producing	9,700	10,150	10,850	11,450	12,000	13,800	14,550	14,800	14,300	13,300	12,200	[illegible]	12,350
Mining	3,700	3,850	4,000	3,850	3,800	3,700	3,800	4,000	4,050	4,050	4,050	[illegible]	3,900
Construction	4,100	4,300	4,800	5,200	5,750	7,200	7,600	7,800	7,650	6,950	6,000	[illegible]	6,050
Manufacturing	1,900	2,000	2,050	2,400	2,450	2,900	3,150	3,000	2,600	2,300	2,150	2,050	2,400
Service-producing	100,500	102,550	103,700	104,050	105,900	108,950	108,150	108,650	109,150	107,300	106,400	106,650	106,000
Transportation	10,700	10,900	11,100	11,200	11,800	12,500	12,400	12,500	12,350	11,750	11,500	11,400	11,700
Trade	26,400	26,450	26,700	27,150	27,800	28,600	28,600	29,050	28,850	28,550	28,500	28,700	27,950
Finance-Ins. & Real Estate	6,900	6,850	6,900	6,800	6,900	7,000	6,950	6,950	6,900	6,900	6,950	7,000	6,900
Services & Misc.	28,300	28,950	29,400	29,250	30,050	31,550	31,350	31,250	31,150	30,100	30,100	30,050	30,150
Government	28,200	29,400	29,600	29,650	29,350	29,300	28,850	28,900	29,900	30,000	29,350	29,500	29,350
Federal	10,500	10,650	10,750	10,600	10,700	10,850	10,900	10,600	10,650	10,400	10,300	10,400	10,600
State	7,750	8,550	8,650	8,700	8,100	8,250	8,100	8,250	8,900	8,950	8,950	8,900	8,500
Local	9,950	10,200	10,200	10,350	10,550	10,200	9,850	10,050	10,350	10,650	10,100	10,200	10,200

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

movement of nonagricultural wage and salary employment.

Revised Employment Estimates Incorporate Latest UI Tax Data

The most comprehensive count of nonagricultural wage and salary employment is based on Unemployment Insurance (UI) tax reports, commonly referred to as the Quarterly Report of Employment and Wages or the ES-202 report. ES-202 data are not immediately incorporated into the current employment estimates, however, due to a six-to-nine month lag in the collection and publication of this information. The January 1991 benchmark process, though, incorporates the most recent ES-202 data available.

During the benchmark, revised estimates were calculated through December 1990. These estimates incorporate ES-202 data through June 1990. The remaining six months of 1990 were

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Municipality of Anchorage 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	97,950	99,350	100,350	101,550	104,250	107,250	108,850	110,100	110,100	107,400	106,550	106,300	105,000
Goods-producing	8,550	8,750	9,050	9,650	10,600	11,450	12,300	12,550	12,350	11,350	10,600	9,850	10,600
Mining	3,500	3,550	3,650	3,600	3,500	3,450	3,500	3,550	3,500	3,500	3,600	3,600	3,550
Construction	3,300	3,400	3,550	4,100	5,000	5,550	5,900	6,100	6,400	5,850	5,100	4,400	4,900
Manufacturing	1,750	1,800	1,850	1,950	2,100	2,450	2,900	2,900	2,450	2,000	1,900	1,850	2,150
Service-producing	89,400	90,600	91,300	91,900	93,650	95,800	96,550	97,550	97,750	96,050	95,950	96,450	94,400
Transportation	8,700	8,800	8,950	9,300	9,900	10,650	11,100	11,150	11,100	10,850	10,400	10,500	10,100
Trucking & Warehousing	1,150	1,200	1,250	1,350	1,400	1,550	1,600	1,550	1,600	1,350	1,400	1,500	1,400
Water Transportation	150	200	200	250	350	350	400	350	350	300	250	300	300
Air Transportation	3,300	3,300	3,400	3,450	3,650	3,950	4,100	4,150	4,100	3,900	3,900	3,950	3,750
Communications	1,750	1,750	1,750	1,800	1,800	1,800	1,850	1,900	1,900	1,800	1,800	1,800	1,800
Trade	23,950	23,850	24,300	24,450	25,250	25,950	26,050	26,350	26,200	25,900	26,150	26,250	25,400
Wholesale Trade	5,500	5,500	5,600	5,750	5,950	6,100	6,150	6,200	6,150	6,050	6,000	6,000	5,900
Retail Trade	18,450	18,350	18,700	18,700	19,300	19,850	19,900	20,150	20,050	19,850	20,150	20,250	19,500
Gen. Merch. & Apparel	2,550	2,450	2,500	2,500	2,700	2,650	2,650	2,750	2,750	2,800	3,150	3,250	2,750
Food Stores	2,950	2,900	3,000	2,950	2,950	3,050	3,200	3,250	3,300	3,000	2,950	2,850	3,050
Eating & Drinking Places	7,250	7,300	7,450	7,400	7,550	7,900	7,800	7,950	7,950	7,850	7,800	7,750	7,650
Finance-Ins. & Real Estate	6,900	6,950	6,850	6,800	6,550	6,700	6,550	6,650	6,600	6,550	6,650	6,550	6,700
Services & Misc.	24,500	25,300	25,100	25,350	26,400	27,450	27,650	27,800	27,250	26,400	26,450	26,500	26,300
Hotels & Lodging Places	2,100	2,150	2,200	2,150	2,100	2,400	2,600	2,450	2,350	2,150	2,150	2,200	2,250
Government	25,350	26,000	26,100	26,000	25,550	25,050	25,200	25,600	26,600	26,350	26,300	26,650	25,900
Federal	10,150	10,100	10,100	9,900	10,000	10,250	10,300	10,400	10,250	10,150	10,150	10,550	10,200
State	6,650	7,350	7,400	7,500	6,900	6,850	6,750	6,750	7,650	7,700	7,700	7,600	7,250
Local	8,550	8,550	8,600	8,600	8,650	7,950	8,150	8,450	8,700	8,500	8,450	8,500	8,450

Municipality of Anchorage 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	103,550	105,900	107,550	108,400	110,650	114,950	115,150	115,850	115,450	112,800	111,000	110,500	111,000
Goods-producing	9,350	9,850	10,500	11,150	11,650	13,400	14,000	14,150	13,750	12,700	11,550	10,550	11,900
Mining	3,650	3,850	3,950	3,850	3,800	3,700	3,750	3,900	3,950	3,900	3,850	3,750	3,850
Construction	3,900	4,100	4,600	5,000	5,500	6,950	7,250	7,400	7,300	6,600	5,650	4,800	5,750
Manufacturing	1,800	1,900	1,950	2,300	2,350	2,750	3,000	2,850	2,500	2,200	2,050	2,000	2,300
Service-producing	94,200	96,050	97,050	97,250	99,000	101,550	101,150	101,700	101,700	100,100	99,450	99,950	99,100
Transportation	10,050	10,200	10,400	10,500	11,100	11,850	11,800	11,900	11,600	11,000	10,800	10,700	11,000
Trucking & Warehousing	1,300	1,400	1,500	1,450	1,550	1,700	1,600	1,700	1,750	1,550	1,500	1,550	1,550
Water Transportation	250	250	250	300	350	350	300	250	250	350	300	250	300
Air Transportation	3,900	3,900	3,950	3,950	4,050	4,400	4,450	4,450	4,300	4,000	4,000	4,000	4,100
Communications	1,850	1,850	1,850	1,850	1,900	1,900	1,900	2,000	1,950	1,950	1,950	1,950	1,900
Trade	24,750	24,800	25,000	25,400	25,950	26,600	26,600	27,000	26,700	26,600	26,600	26,900	26,100
Wholesale Trade	5,550	5,600	5,650	5,750	5,850	6,050	6,050	6,050	5,850	5,950	6,000	6,000	5,850
Retail Trade	19,200	19,200	19,350	19,650	20,100	20,550	20,550	20,950	20,850	20,650	20,600	20,900	20,200
Gen. Merch. & Apparel	2,900	2,850	2,850	2,900	3,000	3,200	3,150	3,250	3,200	3,200	3,300	3,300	3,100
Food Stores	3,050	3,050	3,000	3,100	3,200	3,200	3,200	3,350	3,400	3,300	3,100	3,200	3,200
Eating & Drinking Places	7,250	7,350	7,400	7,550	7,650	7,800	7,850	7,850	7,850	7,800	7,800	7,850	7,650
Finance-Ins. & Real Estate	6,450	6,450	6,450	6,350	6,500	6,550	6,500	6,450	6,450	6,450	6,500	6,500	6,450
Services & Misc.	27,100	27,700	28,150	27,950	28,650	29,950	29,750	29,650	29,600	28,650	28,750	28,850	28,750
Hotels & Lodging Places	2,250	2,300	2,350	2,350	2,300	2,700	2,750	2,700	2,550	2,350	2,400	2,500	2,450
Government	25,850	26,900	27,050	27,050	26,800	26,600	26,500	26,700	27,350	27,400	26,800	27,000	26,850
Federal	10,400	10,500	10,550	10,400	10,550	10,700	10,700	10,500	10,500	10,250	10,250	10,350	10,450
State	7,000	7,750	7,850	7,900	7,350	7,350	7,250	7,400	8,050	8,150	8,150	8,100	7,700
Local	8,450	8,650	8,650	8,750	8,900	8,550	8,550	8,800	8,800	9,000	8,400	8,550	8,650

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Gulf Coast Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	18,100	18,500	19,200	22,450	25,950	29,700	32,900	32,550	27,000	23,050	20,550	20,050	24,150
Goods-producing	3,850	4,100	4,500	4,950	5,800	7,200	9,600	9,100	5,900	5,450	4,250	3,850	5,700
Mining	750	750	750	800	600	850	950	1,150	950	1,150	1,100	1,050	900
Construction	900	750	850	950	1,150	1,350	1,400	1,350	1,300	1,300	1,100	950	1,100
Manufacturing	2,200	2,600	2,900	3,200	3,850	5,000	7,250	6,600	3,650	3,000	2,050	1,850	3,700
Seafood Processing	1,400	1,800	2,050	2,350	2,900	3,950	6,200	5,550	2,650	2,100	1,150	1,000	2,750
Service-producing	14,250	14,400	14,700	17,500	20,150	22,500	23,300	23,450	21,100	17,600	16,300	16,200	18,450
Transportation	1,500	1,500	1,550	3,300	5,300	6,600	7,750	7,950	5,700	2,550	1,850	1,750	3,950
Trade	3,050	3,000	3,200	3,650	4,050	4,350	4,450	4,300	4,000	3,800	3,600	3,550	3,750
Wholesale Trade	450	400	450	500	550	650	700	650	550	500	450	450	550
Retail Trade	2,600	2,600	2,750	3,150	3,500	3,700	3,750	3,650	3,450	3,300	3,150	3,100	3,250
Finance-Ins. & Real Estate	500	500	500	550	550	600	600	600	600	650	600	600	550
Services & Misc.	3,550	3,600	3,650	4,000	4,300	4,850	4,900	4,900	4,700	4,300	4,100	4,100	4,250
Government	5,650	5,800	5,800	6,000	5,950	6,100	5,600	5,700	6,100	6,300	6,150	6,200	5,950
Federal	500	500	500	500	500	600	600	600	600	550	500	550	550
State	1,650	1,750	1,750	1,850	1,750	1,900	1,950	2,000	2,250	2,150	2,050	2,000	1,900
Local	3,500	3,550	3,550	3,650	3,700	3,600	3,050	3,100	3,250	3,600	3,600	3,650	3,500

Gulf Coast Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	20,000	21,050	21,750	23,650	25,250	27,650	29,300	28,900	24,650	23,100	21,300	20,950	23,950
Goods-producing	4,450	4,900	5,350	6,500	7,150	8,800	10,700	10,300	6,850	5,900	4,650	4,350	6,650
Mining	1,050	1,100	1,100	1,150	1,200	1,250	1,350	1,400	1,300	1,250	1,150	1,100	1,200
Construction	750	750	850	950	1,100	1,300	1,200	1,300	1,250	1,200	1,050	950	1,050
Manufacturing	2,650	3,050	3,400	4,400	4,850	6,250	8,150	7,600	4,300	3,450	2,450	2,300	4,400
Seafood Processing	1,850	2,150	2,550	3,450	3,900	5,200	7,100	6,500	3,250	2,450	1,500	1,300	3,450
Service-producing	15,550	16,150	16,400	17,150	18,100	18,850	18,600	18,600	17,800	17,200	16,650	16,600	17,300
Transportation	1,750	1,750	1,850	1,900	2,050	2,150	2,200	2,250	2,050	1,950	1,850	1,850	1,950
Trade	3,450	3,500	3,600	3,950	4,350	4,750	4,850	4,650	4,200	3,850	3,800	3,700	4,050
Wholesale Trade	400	450	500	500	600	600	700	600	500	450	450	450	500
Retail Trade	3,050	3,050	3,100	3,450	3,750	4,150	4,150	4,050	3,700	3,400	3,350	3,250	3,550
Finance-Ins. & Real Estate	500	550	550	550	600	600	600	700	600	650	650	600	600
Services & Misc.	3,950	4,050	4,100	4,350	4,700	5,000	5,100	5,150	4,800	4,550	4,450	4,500	4,550
Government	5,900	6,300	6,300	6,400	6,400	6,350	5,850	5,850	6,150	6,200	5,900	5,950	6,150
Federal	500	500	550	650	650	700	700	650	650	600	450	450	600
State	1,750	2,000	1,950	1,950	1,900	1,950	1,950	1,950	2,050	1,900	1,850	1,850	1,900
Local	3,650	3,800	3,800	3,800	3,850	3,700	3,200	3,250	3,450	3,700	3,600	3,650	3,600

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

reestimated using an augmented CES sample. The new sample incorporates additional employment information not available at the time the original estimate was generated.

Original Estimates Understated Growth

The original estimates tracked the benchmarked employment numbers fairly accurately as to the trend employment was taking during the last half of 1989 and 1990, but the original estimates understated the growth in Alaska's economy. (See Figure 1.)

On an annual average basis, employment increased 4.5% from 1989 to 1990. The original estimates pegged the annual employment growth gain at 2.5%. The majority of the underestimation occurred in the mining, services and transportation industries. (For additional analysis of 1990 see article beginning on page 1.)

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Southwest Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,950	14,050	14,650	14,600	15,350	16,400	17,450	15,800	15,100	14,100	13,250	13,150	14,750
Goods-producing	3,200	4,000	4,300	4,250	4,650	5,800	7,100	5,150	4,200	3,150	2,600	2,650	4,250
Seafood Processing	3,000	3,750	4,150	3,950	4,250	5,300	6,650	4,750	3,800	2,750	2,300	2,350	3,900
Service-producing	9,750	10,050	10,350	10,350	10,700	10,600	10,350	10,650	10,900	10,950	10,650	10,500	10,500
Government	5,900	6,250	6,400	6,350	6,300	6,000	5,550	5,750	6,400	6,450	6,350	6,150	6,150
Federal	1,300	1,300	1,350	1,350	1,300	1,350	1,350	1,400	1,400	1,350	1,300	1,250	1,350
State	450	550	550	550	550	550	550	500	550	550	500	550	550
Local	4,150	4,400	4,500	4,450	4,450	4,100	3,650	3,850	4,450	4,550	4,550	4,350	4,300

Southwest Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	13,450	14,650	14,950	15,450	16,150	16,550	17,850	16,000	15,300	14,400	13,900	14,150	15,250
Goods-producing	3,250	4,250	4,5[illegible]	4,750	5,050	5,550	7,050	5,250	4,150	3,100	2,900	3,250	4,400
Seafood Processing	2,950	4,000	4,250	4,450	4,650	5,100	6,650	4,850	3,750	2,700	2,550	2,950	4,050
Service-producing	10,200	10,400	10,450	10,700	11,100	11,000	10,800	10,750	11,150	11,300	11,000	10,900	10,800
Government	6,150	6,250	6,350	6,400	6,450	6,050	5,600	5,750	6,300	6,450	6,350	6,300	6,200
Federal	1,300	1,250	1,300	1,250	1,250	1,350	1,300	1,350	1,350	1,300	1,300	1,300	1,300
State	500	550	500	550	550	550	550	550	550	550	550	550	550
Local	4,350	4,450	4,550	4,600	4,650	4,150	3,750	3,850	4,400	4,600	4,500	4,450	4,350

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

Hours and Earnings Statistics Also Revised

Employers also provide the data used to estimate hours and earnings statistics. During the benchmark, these estimates are adjusted to reflect the revised level of employment. When the employment data are benchmarked, the hours and earnings data are reviewed to see if employment level changes might have further changed the hours and earnings estimates. (See Table 19.) Usually, the hours and earnings data have changed either due to the benchmarking of employment or new firms being added to augment existing hours and earnings sample. (It is noteworthy that the quarterly ES-202 data don't lend themselves to be used as estimates of average weekly hours and earnings data; therefore, hours and earnings data are entirely sample-based.)

Hours and Earnings Series for Retail Trade Redefined

Previously, hours and earnings data which were published for "Retail Trade" and "Trade" excluded any sample data from eating and drinking establishments. Beginning with the publication of the revised estimates for 1990, this important sector of Alaska's retail economy is no longer excluded from hours and earnings estimates.

Unfortunately, there is an undesirable result of including eating and drinking establishments in the retail trade and trade hours and earnings estimates. The new estimates draw from a significantly different sample composition, which makes the estimates produced prior to January 1990 not comparable to the estimates produced after January 1990. The result has been to decrease both the average weekly hours and the average hourly earnings in both the trade and retail trade series. This is due to the fact that part-time workers make up a good portion of the work force in this industry, and eating and drinking estab-

Tables • 13&14

Nonagricultural Wage and Salary Employment
By Place of Work 1989 & 1990

Fairbanks North Star Borough 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	23,650	24,150	24,650	25,600	26,750	28,650	25,500	29,000	28,950	27,200	26,100	25,950	26,600
Goods-producing	1,650	1,600	1,800	2,000	2,500	3,150	3,200	3,400	3,200	2,800	2,200	1,950	2,450
Mining	100	100	100	100	150	200	250	250	200	150	100	100	150
Construction	1,050	1,050	1,200	1,400	1,800	2,350	2,300	2,500	2,350	2,050	1,600	1,300	1,750
Manufacturing	500	450	500	500	550	600	650	650	650	600	500	550	550
Service-producing	22,000	22,550	22,850	23,600	24,250	25,500	25,300	25,600	25,750	24,400	23,900	24,000	24,150
Transportation	1,650	1,650	1,600	1,700	1,900	2,050	2,200	2,250	2,300	2,050	1,850	1,800	1,900
Trucking & Warehousing	400	400	350	400	400	450	500	550	500	500	450	500	450
Air Transportation	300	300	300	300	350	350	400	400	400	350	350	400	350
Communications	300	300	300	250	300	300	300	300	300	250	300	250	300
Trade	5,050	5,050	5,200	5,500	6,000	6,600	6,500	6,450	6,200	5,700	5,600	5,650	5,800
Wholesale Trade	650	650	650	650	700	750	700	700	700	700	700	700	700
Retail Trade	4,400	4,400	4,550	4,850	5,300	5,850	5,800	5,750	5,500	5,000	4,900	4,950	5,100
Gen. Merch. & Apparel	600	600	600	650	650	700	700	700	700	650	700	700	650
Food Stores	700	700	700	750	750	800	750	800	800	750	750	750	750
Eating & Drinking Places	1,600	1,600	1,650	1,800	2,200	2,500	2,550	2,450	2,300	1,850	1,700	1,700	2,000
Finance-Ins. & Real Estate	800	750	800	800	850	950	850	850	800	750	750	750	800
Services & Misc.	5,500	5,450	5,500	5,750	5,850	6,300	6,300	6,500	6,400	5,950	5,850	5,750	5,950
Government	9,000	9,650	9,750	9,850	9,650	9,600	9,450	9,550	10,050	9,950	9,850	10,050	9,700
Federal	2,850	2,900	2,950	3,000	3,150	3,250	3,200	3,250	3,200	3,100	3,050	3,100	3,100
State	3,600	4,150	4,200	4,200	3,850	3,900	3,900	3,850	4,150	4,150	4,050	4,200	4,000
Local	2,550	2,600	2,600	2,650	2,650	2,450	2,350	2,450	2,700	2,700	2,750	2,750	2,600

Fairbanks North Star Borough 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	24,700	25,400	25,800	26,450	27,650	28,650	28,900	29,050	29,050	27,650	27,000	26,700	27,250
Goods-producing	1,600	1,700	1,750	1,900	2,450	2,850	2,950	3,000	2,750	2,550	2,150	1,900	2,300
Mining	50	100	100	150	200	200	300	300	250	200	100	100	150
Construction	1,050	1,100	1,150	1,200	1,650	1,950	1,950	2,000	1,850	1,750	1,500	1,250	1,550
Manufacturing	500	500	500	550	600	700	700	700	650	600	550	550	600
Service-producing	23,100	23,700	24,050	24,550	25,200	25,800	25,950	26,050	26,300	25,100	24,850	24,800	24,950
Transportation	1,750	1,700	1,750	1,850	1,950	2,050	2,200	2,300	2,400	2,100	2,000	1,950	2,000
Trucking & Warehousing	450	400	450	400	450	450	500	550	550	550	500	500	500
Air Transportation	400	400	400	400	450	450	450	500	450	450	450	450	450
Communications	300	300	300	300	300	300	300	300	300	300	300	300	300
Trade	5,350	5,300	5,400	5,550	6,250	6,450	6,550	6,450	6,450	5,950	5,850	5,900	5,950
Wholesale Trade	700	750	750	700	750	800	800	800	750	750	700	750	750
Retail Trade	4,650	4,550	4,650	4,850	5,500	5,650	5,750	5,650	5,700	5,200	5,150	5,150	5,200
Gen. Merch. & Apparel	600	500	500	500	550	600	600	600	600	600	650	650	600
Food Stores	750	750	750	800	800	850	800	850	850	800	800	800	800
Eating & Drinking Places	1,650	1,600	1,700	1,800	2,350	2,450	2,500	2,400	2,350	1,900	1,850	1,850	2,050
Finance-Ins. & Real Estate	800	800	800	800	850	850	850	850	800	750	750	750	800
Services & Misc.	5,750	5,850	5,900	6,000	6,150	6,500	6,700	6,850	6,450	6,100	6,050	6,050	6,200
Government	9,450	10,050	10,200	10,350	10,000	9,950	9,650	9,600	10,200	10,200	10,200	10,150	10,000
Federal	3,000	3,050	3,050	3,150	3,250	3,250	3,250	3,150	3,150	3,050	3,000	3,000	3,100
State	3,750	4,250	4,400	4,400	4,000	4,200	4,050	4,000	4,300	4,400	4,400	4,350	4,200
Local	2,700	2,750	2,750	2,800	2,750	2,500	2,350	2,450	2,750	2,750	2,800	2,800	2,700

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Interior Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	27,250	27,700	28,200	29,700	30,850	33,000	33,050	33,450	33,500	31,200	29,700	29,450	30,600
Goods-producing	1,850	1,850	1,950	2,300	2,750	3,450	3,450	3,600	3,400	3,100	2,400	2,100	2,700
Mining	250	250	250	300	300	350	400	400	350	350	200	200	300
Construction	1,100	1,100	1,200	1,450	1,850	2,450	2,400	2,550	2,400	2,150	1,650	1,350	1,800
Manufacturing	500	500	500	550	600	650	650	650	650	600	550	550	600
Service-producing	25,400	25,850	26,250	27,400	28,100	29,550	29,600	29,850	30,100	28,100	27,300	27,350	27,900
Transportation	1,950	1,850	1,800	1,900	2,150	2,400	2,550	2,600	2,550	[illegible]	2,000	2,000	2,150
Trade	5,400	5,400	5,600	5,900	6,450	7,100	7,050	6,950	6,700	[illegible]	5,950	5,950	6,200
Finance-Ins. & Real Estate	850	850	900	900	950	1,000	950	950	900	850	850	850	900
Services	5,900	5,850	5,900	6,350	6,400	7,000	7,100	7,300	7,100	6,450	6,350	6,200	6,500
Government	11,300	11,900	12,050	12,350	12,150	12,050	11,950	12,050	12,850	12,450	12,150	12,350	12,150
Federal	3,400	3,450	3,500	3,600	3,800	4,000	3,950	4,000	3,900	3,700	3,600	3,650	3,700
State	3,850	4,400	4,450	4,550	4,150	4,250	4,450	4,400	4,750	4,500	4,350	4,500	4,400
Local	4,050	4,050	4,100	4,200	4,200	3,800	3,550	3,650	4,200	4,250	4,200	4,200	4,050

Interior Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	28,250	28,900	29,500	30,450	32,100	33,400	33,900	34,000	33,400	31,550	30,650	30,250	31,350
Goods-producing	1,800	1,850	1,950	2,100	2,800	3,150	3,300	3,300	3,100	2,850	2,300	2,000	2,550
Mining	200	250	250	300	400	400	500	500	450	400	250	200	350
Construction	1,100	1,100	1,200	1,250	1,750	2,050	2,050	2,100	1,950	1,800	1,500	1,250	1,600
Manufacturing	500	500	500	550	650	700	750	700	700	650	550	550	600
Service-producing	26,450	27,050	27,550	28,350	29,300	30,250	30,600	30,700	30,300	28,700	28,350	28,250	28,800
Transportation	1,900	1,850	1,950	2,050	2,200	2,400	2,600	2,650	2,650	2,350	2,200	2,150	2,250
Trade	5,700	5,600	5,700	5,900	6,700	6,900	7,050	7,000	6,850	6,350	6,300	6,300	6,350
Finance-Ins. & Real Estate	850	850	850	900	900	950	950	950	850	800	800	800	850
Services	6,200	6,300	6,400	6,600	6,850	7,400	7,600	7,800	7,250	6,700	6,550	6,500	6,850
Government	11,800	12,450	12,650	12,900	12,650	12,600	12,400	12,300	12,700	12,500	12,500	12,500	12,500
Federal	3,550	3,650	3,650	3,800	3,950	4,000	4,000	3,900	3,900	3,650	3,550	3,600	3,750
State	4,050	4,550	4,700	4,700	4,350	4,700	4,750	4,700	4,650	4,650	4,650	4,600	4,600
Local	4,200	4,250	4,300	4,400	4,350	3,900	3,650	3,700	4,150	4,200	4,300	4,300	4,150

Annual averages may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

lishments employ more workers than any other segment of the trade industry.

Labor Force Data Revised

Labor force statistics are also benchmarked in January using the new nonagricultural wage and salary numbers as well as other updated data. (See Table 20.) The employment numbers in the labor force table differ from the nonagricultural wage and salary numbers because of the different definitions and methodologies used in making estimates. Nonagricultural wage and salary employment is considered the better indicator of changes in industry employment; the labor force data is considered the better measure of job prospects and of current hardships of the unemployed.

Tables • 17&18

Nonagricultural Wage and Salary Employment By Place of Work 1989 & 1990

Northern Region 1989

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,100	12,750	12,050	13,050	13,400	13,950	13,700	14,350	14,350	14,300	14,050	13,500	13,550
Goods-producing	4,700	4,900	5,100	5,000	5,250	5,750	5,850	6,050	6,050	6,050	6,000	5,450	5,500
Mining	4,350	4,550	4,750	4,600	4,900	5,350	5,500	5,550	5,450	5,450	5,450	5,000	5,100
Service-producing	7,400	7,850	7,950	8,050	8,150	8,200	7,850	8,300	8,300	8,250	8,050	8,050	8,050
Government	4,050	4,300	4,400	4,500	4,400	4,300	3,800	4,150	4,350	4,450	4,350	4,300	4,300
Federal	250	250	250	300	250	300	300	300	300	300	300	300	300
State	350	350	350	350	350	350	350	350	400	350	350	350	350
Local	3,450	3,700	3,800	3,850	3,800	3,650	3,150	3,500	3,650	3,800	3,700	3,650	3,650

Northern Region 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Total Nonag. Wage & Salary	12,800	13,200	13,450	13,950	14,400	15,800	15,800	16,250	15,850	15,150	14,750	14,200	14,650
Goods-producing	5,050	5,100	5,100	5,450	5,900	7,100	7,300	7,450	6,850	6,400	6,350	5,900	6,150
Mining	4,700	4,700	4,700	5,050	5,450	6,550	6,750	6,900	6,250	5,850	5,900	5,500	5,700
Service-producing	7,750	8,100	8,350	8,500	8,500	8,700	8,500	8,800	9,000	8,750	8,400	8,300	8,450
Government	4,250	4,400	4,450	4,550	4,450	4,300	4,000	4,100	4,450	4,600	4,450	4,300	4,350
Federal	300	300	300	300	300	350	300	300	300	300	300	250	300
State	350	350	350	350	350	350	350	350	350	350	350	350	350
Local	3,600	3,750	3,800	3,900	3,800	3,600	3,350	3,450	3,800	3,950	3,800	3,700	3,700

Annual averages may not add due to rounding.

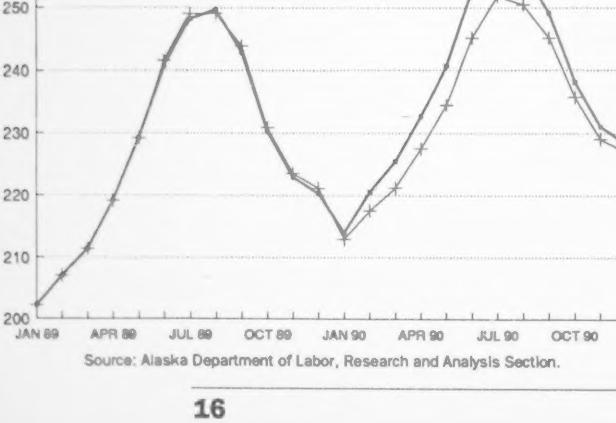
Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1990.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 1

Original Estimate vs Benchmark Estimate January 1989 to December 1990



Source: Alaska Department of Labor, Research and Analysis Section.

Labor Force Data Shows '90 Was Another Good Year for Job Seekers

In 1990, Alaska posted another year of low unemployment rates. The 7.0% statewide unemployment rate was the second-lowest level of unemployment since 1978. (No comparable unemployment rates are available prior to 1978.) While the unemployment rate wasn't quite as low as last year's 6.7%, it nonetheless meant that Alaskans were unemployed less frequently than they were throughout most of the 1980s. During every month of the year unemployment in Alaska was under the double-digit level. This was only the second time since 1978 that this has happened. As 1990 closed, Alaska was on a string of 31 consecutive months of unemployment below 10.0%. All of these signs indicated that the good conditions for job seekers in Alaska's labor market which prevailed in 1989 carried over into 1990.

Alaska Hours and Earnings for Selected Industries
1990 Annual Averages

Average Weekly Earnings 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Mining	$1,032.12	$1,062.32	$1,164.00	$1,111.14	$1,039.60	$1,150.03	$1,151.50	$1,116.88	$1,212.84	$1,076.43	$1,174.64	$1,164.03	$1,123.75
Construction	966.42	1,025.91	1,134.24	1,139.67	1,147.68	1,191.70	1,149.45	1,181.47	1,196.54	1,132.04	1,040.17	1,005.95	1,123.53
Manufacturing	500.94	499.80	559.37	601.83	603.90	572.76	537.10	629.72	547.26	556.90	505.59	487.12	559.45
Seafood Processing	407.10	396.00	467.86	502.18	444.69	449.45	462.85	563.57	380.79	386.78	380.59	332.70	448.82
Trans, Comm & Utilities	583.25	597.80	575.74	595.43	585.82	608.60	628.99	598.88	590.25	575.23	591.66	633.19	596.75
Trade	332.76	347.28	347.60	358.80	348.48	365.72	372.33	361.76	376.81	360.75	355.95	368.68	358.18
Wholesale	544.45	571.35	575.14	595.10	565.47	583.12	589.55	550.37	568.66	570.36	567.55	591.84	572.99
Retail	289.29	299.70	299.50	309.69	304.00	320.46	326.93	322.75	335.91	316.91	311.61	321.96	314.37
Finance-Ins. & R.E.	399.25	424.18	415.35	422.57	405.45	401.37	394.87	388.27	414.29	398.14	406.55	416.80	407.05

Average Weekly Hours 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Mining	44.7	49.0	50.0	48.5	45.2	49.0	49.0	48.9	52.3	46.7	49.5	48.3	48.5
Construction	41.3	43.6	48.0	48.6	48.0	48.8	47.4	48.6	47.9	46.3	43.0	43.1	46.6
Manufacturing	41.4	42.0	45.7	47.5	44.8	44.4	47.7	54.1	42.0	41.1	37.9	37.1	44.9
Seafood Processing	46.0	46.1	51.3	51.4	45.1	44.5	51.2	59.7	41.3	40.8	41.1	36.4	47.9
Trans, Comm & Utilities	34.8	35.0	34.6	35.4	34.0	35.8	36.4	34.9	35.6	33.6	34.2	36.1	35.0
Trade	30.5	31.6	31.6	32.5	32.0	33.8	34.7	34.0	34.1	32.5	32.3	33.7	32.8
Wholesale	38.1	39.0	38.6	39.7	37.9	39.4	39.7	39.2	39.6	39.2	39.8	41.1	39.3
Retail	28.9	30.0	30.1	31.0	30.8	32.6	33.6	32.9	32.9	31.1	30.7	32.1	31.5
Finance-Ins. & R.E.	34.3	36.1	35.5	37.1	34.1	33.7	35.8	33.5	35.5	34.0	34.6	35.9	35.0

Average Hourly Earnings 1990

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
Mining	$23.09	$21.68	$23.28	$22.91	$23.00	$23.47	$23.50	$22.84	$23.19	$23.05	$23.73	$24.10	$23.17
Construction	23.40	23.53	23.63	23.45	23.91	24.42	24.25	24.31	24.98	24.45	24.19	23.34	24.11
Manufacturing	12.10	11.90	12.24	12.67	13.48	12.90	11.26	11.64	13.03	13.55	13.34	13.13	12.46
Seafood Processing	8.85	8.59	9.12	9.77	9.86	10.10	9.04	9.44	9.22	9.48	9.26	9.14	9.37
Trans, Comm & Utilities	16.76	17.08	16.64	16.82	17.23	17.00	17.28	17.16	16.58	17.12	17.30	17.54	17.05
Trade	10.91	10.99	11.00	11.04	10.89	10.82	10.73	10.64	11.05	11.10	11.02	10.94	10.92
Wholesale	14.29	14.65	14.90	14.99	14.92	14.80	14.85	14.04	14.36	14.55	14.26	14.40	14.58
Retail	10.01	9.99	9.95	9.99	9.87	9.83	9.73	9.81	10.21	10.19	10.15	10.03	9.96
Finance-Ins. & R.E.	11.64	11.75	11.70	11.39	11.89	11.91	11.03	11.59	11.67	11.71	11.75	11.61	11.63

Benchmark: March 1990.

Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research and Analysis Section.

Table • 20

Labor Force By Region and Census Area
Annual Averages 1988-1990

	Labor Force			Unemployment			Rate			Employment		
	1988	1989	1990	1988	1989	1990	1988	1989	1990	1988	1989	1990
Alaska Statewide	250,000	253,000	257,000	23,000	17,000	18,000	9.2%	6.7%	7.0%	227,000	236,000	239,000
Anch.-MatSu Region	129,328	128,977	132,879	10,787	7,597	8,053	8.3	5.9	6.1	118,541	121,380	124,826
Municipality of Anchorage	114,356	114,257	117,230	8,438	5,803	6,141	7.4	5.1	5.2	105,918	108,454	111,089
MatSu Borough	14,973	14,720	15,649	2,350	1,794	1,912	15.7	12.2	12.2	12,623	12,926	13,737
Gulf Coast Region	27,360	30,825	30,512	3,179	2,409	2,936	11.6	7.8	9.6	24,181	28,416	27,576
Kenai Peninsula Borough	17,222	19,191	18,961	2,406	1,780	2,065	14.0	9.3	10.9	14,816	17,411	16,896
Kodiak Island Borough	5,993	6,950	6,777	347	316	339	5.8	4.5	5.0	5,646	6,634	6,438
Valdez-Cordova	4,146	4,685	4,773	427	314	532	10.3	6.7	11.1	3,719	4,371	4,241
Interior Region	36,779	35,973	35,872	4,570	3,217	3,267	12.4	8.9	9.1	32,209	32,756	32,605
Fairbanks North Star Bor.	31,672	31,006	30,922	3,744	2,604	2,651	11.8	8.4	8.6	27,928	28,402	28,271
Southeast Fairbanks	2,091	2,031	2,058	306	216	251	14.6	10.6	12.2	1,785	1,815	1,807
Yukon-Koyukuk	3,017	2,936	2,891	520	397	364	17.2	13.5	12.6	2,497	2,539	2,527
Northern Region	8,249	8,075	8,304	786	646	659	9.5	8.0	7.9	7,463	7,429	7,645
Nome	3,081	3,014	3,069	351	297	272	11.4	9.9	8.9	2,730	2,717	2,797
North Slope Borough	2,973	2,948	2,999	150	138	107	5.0	4.7	3.6	2,823	2,810	2,892
Northwest Arctic Borough	2,195	2,113	2,237	285	211	280	13.0	10.0	12.5	1,910	1,902	1,957
Southeast Region	35,476	36,013	36,324	2,768	2,498	2,420	7.8	6.9	6.7	32,708	33,515	33,904
Haines Borough	870	876	878	92	79	72	10.6	9.0	8.2	778	797	806
Juneau Borough	15,679	15,955	16,093	887	799	761	5.7	5.0	4.7	14,792	15,156	15,332
Ketchikan Gateway Bor.	6,607	6,717	6,826	546	506	543	8.3	7.5	8.0	6,061	6,211	6,283
Pr. of Wales-Outer Ketch.	2,776	2,793	2,794	364	321	294	13.1	11.5	10.5	2,412	2,472	2,500
Sitka Borough	4,130	4,176	4,213	277	228	219	6.7	5.5	5.2	3,853	3,948	3,994
Skagway-Yakutat-Angoon	1,788	1,769	1,798	282	226	237	15.8	12.8	13.2	1,506	1,543	1,561
Wrangell-Petersburg	3,628	3,728	3,721	322	340	294	8.9	9.1	7.9	3,306	3,388	3,427
Southwest Region	12,808	13,139	13,111	909	633	667	7.1	4.8	5.1	11,899	12,506	12,444
Aleutians East Borough	900	930	920	29	14	9	3.2	1.5	1.0	871	916	911
Aleutians West	2,518	2,600	2,584	78	35	32	3.1	1.3	1.2	2,440	2,565	2,552
Bethel	4,911	5,038	5,029	401	298	312	8.2	5.9	6.2	4,510	4,740	4,717
Bristol Bay Borough	505	508	505	45	24	24	8.9	4.7	4.8	460	484	481
Dillingham	2,295	2,380	2,373	140	115	120	6.1	4.8	5.1	2,155	2,265	2,253
Wade Hampton	1,680	1,684	1,700	217	147	170	12.9	8.7	10.0	1,463	1,537	1,530

Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

January Continues Employment Gains

by Brian N. Rae

Alaska's impressive employment gains in 1990 did not end with the changing of the calendar. Employment was up 7,300 in January 1991 when compared to the previous January. (See Table 1.) Like the past year, gains occurred in most industries, and throughout all of the regions. January is usually a month of declining employment, coming down from the holidays' inflated employment levels. January 1991 was no exception, as employment declined 3.0% for all industries. The largest loss occurred in trade, which saw employment decline by 2,500 over the month.

Declining employment in January more than offset the usual drop in the number of people looking for work, and pushed the unemployment rate to its highest level in 23 months: January's 8.8% level matches that of February 1989. (See Figure 1 and Table 4.) Even this "high" unemployment rate is relatively low when compared to previous years. Double digit unemployment rates in January are not unusual, so a rate of 8.8% during the winter months is not cause for concern.

Table • 1

Nonagricultural Wage and Salary Employment
By Place of Work — Alaska

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	221,400	228,200	214,100	-6,800	7,300
Goods-producing	30,600	31,400	28,500	-800	2,100
Mining	10,800	11,100	9,900	-300	900
Construction	7,900	9,000	7,200	-1,100	700
Manufacturing	11,900	11,300	11,400	600	500
Durable Goods	2,400	2,600	2,400	-200	0
Lumber & Wood Products	1,700	1,900	1,800	-200	-100
Nondurable Goods	9,500	8,700	9,000	800	500
Seafood Processing	5,800	4,900	5,500	900	300
Pulp Mills	900	900	900	0	0
Service-producing	190,800	196,800	185,600	-6,000	5,200
Transportation	19,200	19,700	18,100	-500	1,100
Trucking & Warehousing	2,400	2,600	2,200	-200	200
Water Transportation	1,000	1,100	1,100	-100	-100
Air Transportation	6,200	6,300	6,000	-100	200
Communications	3,400	3,400	3,200	0	200
Trade	43,900	46,400	42,600	-2,500	1,300
Wholesale Trade	7,900	8,200	7,500	-300	400
Retail Trade	36,000	38,200	35,100	-2,200	900
Gen. Merch. & Apparel	5,800	6,400	5,500	-600	300
Food Stores	6,300	6,600	6,200	-300	100
Eating & Drinking Places	12,000	12,700	12,000	-700	0
Finance-Ins. & Real Estate	10,200	10,200	10,000	0	200
Services & Misc.	48,900	49,700	46,700	-800	2,200
Hotels & Lodging Places	4,500	4,800	4,300	-300	200
Government	68,600	70,800	68,200	-2,200	400
Federal	18,000	18,100	18,100	-100	-100
State	19,700	21,300	19,700	-1,600	0
Local	30,900	31,400	30,400	-500	500

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	107,450	110,500	103,550	-3,050	3,900
Goods-producing	10,250	10,550	9,350	-300	900
Mining	3,900	3,750	3,650	150	250
Construction	4,350	4,800	3,900	-450	450
Manufacturing	2,000	2,000	1,800	0	200
Service-producing	97,200	99,950	94,200	-2,750	3,000
Transportation	10,550	10,700	10,050	-150	500
Trucking & Warehousing	1,350	1,550	1,300	-200	50
Water Transportation	300	250	250	50	50
Air Transportation	3,900	4,000	3,900	-100	0
Communications	1,950	1,950	1,850	0	100
Trade	25,450	26,900	24,750	-1,450	700
Wholesale Trade	5,800	6,000	5,550	-200	250
Retail Trade	19,650	20,900	19,200	-1,250	450
Gen. Merch. & Apparel	3,000	3,300	2,900	-300	100
Food Stores	3,150	3,200	3,050	-50	100
Eating & Drinking Places	7,350	7,850	7,250	-500	100
Finance-Ins. & Real Estate	6,450	6,500	6,450	-50	0
Services & Misc.	28,500	28,850	27,100	-350	1,400
Hotels & Lodging Places	2,450	2,500	2,250	-50	200
Government	26,250	27,000	25,850	-750	400
Federal	10,350	10,350	10,400	0	-50
State	7,400	8,100	7,000	-700	400
Local	8,500	8,550	8,450	-50	50

Fairbanks North Star Borough

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	25,600	26,700	24,700	-1,100	900
Goods-producing	1,650	1,900	1,600	-250	50
Mining	100	100	50	0	50
Construction	1,050	1,250	1,050	-200	0
Manufacturing	500	550	500	-50	0
Service-producing	23,950	24,800	23,100	-850	850
Transportation	1,850	1,950	1,750	-100	100
Trucking & Warehousing	450	500	450	-50	0
Air Transportation	450	450	400	0	50
Communications	300	300	300	0	0
Trade	5,550	5,900	5,350	-350	200
Wholesale Trade	750	750	700	0	50
Retail Trade	4,800	5,150	4,650	-350	150
Gen. Merch. & Apparel	550	650	600	-100	-50
Food Stores	750	800	750	-50	0
Eating & Drinking Places	1,750	1,850	1,650	-100	100
Finance-Ins. & Real Estate	750	750	800	0	-50
Services & Misc.	6,050	6,050	5,750	0	300
Government	9,750	10,150	9,450	-400	300
Federal	2,950	3,000	3,000	-50	-50
State	3,900	4,350	3,750	-450	150
Local	2,900	2,800	2,700	100	200

Anchorage-MatSu Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	114,600	117,950	110,200	-3,350	4,400
Goods-producing	10,800	11,300	9,700	-500	1,100
Mining	4,050	3,950	3,700	100	350
Construction	4,700	5,300	4,100	-600	600
Manufacturing	2,050	2,050	1,900	0	150
Service-producing	103,800	106,650	100,500	-2,850	3,300
Transportation	11,200	11,400	10,700	-200	500
Trade	27,200	28,700	26,400	-1,500	800
Finance-Ins. & Real Estate	6,950	7,000	6,900	-50	50
Services & Misc.	29,850	30,050	28,300	-200	1,550
Government	28,600	29,500	28,200	-900	400
Federal	10,400	10,400	10,500	0	-100
State	8,100	8,900	7,750	-800	350
Local	10,100	10,200	9,950	-100	150

Interior Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	29,000	30,250	28,250	-1,250	750
Goods-producing	1,850	2,000	1,800	-150	50
Mining	200	200	200	0	0
Construction	1,100	1,250	1,100	-150	0
Manufacturing	550	550	500	0	50
Service-producing	27,150	28,250	26,450	-1,100	700
Transportation	2,000	2,150	1,900	-150	100
Trade	5,900	6,300	5,700	-400	200
Finance-Ins. & Real Estate	800	800	850	0	-50
Services	6,500	6,500	6,200	0	300
Government	11,950	12,500	11,800	-550	150
Federal	3,500	3,600	3,550	-100	-50
State	4,100	4,600	4,050	-500	50
Local	4,350	4,300	4,200	50	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Nonagricultural Wage and Salary Employment
By Place of Work

Southeast Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	29,750	30,800	29,500	-1,050	250
Goods-producing	4,400	4,800	4,350	-400	50
Mining	350	350	300	0	50
Construction	800	950	800	-150	0
Manufacturing	3,250	3,500	3,250	-250	0
Durable Goods	1,500	1,700	1,600	-200	-100
Lumber & Wood Products	1,450	1,600	1,550	-150	-100
Nondurable Goods	1,750	1,800	1,650	-50	100
Seafood Processing	650	650	600	0	50
Pulp Mills	900	900	850	0	50
Service-producing	25,350	26,000	25,150	-650	200
Transportation	2,250	2,300	2,250	-50	0
Trade	5,000	5,200	4,900	-200	100
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,450	4,650	4,300	-200	150
Finance-Ins. & Real Estate	1,050	1,050	1,000	0	50
Services & Misc.	5,000	5,150	5,000	-150	0
Government	12,050	12,300	12,000	-250	50
Federal	2,050	2,100	1,950	-50	100
State	5,250	5,300	5,450	-50	-200
Local	4,750	4,900	4,600	-150	150

Northern Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	13,500	14,200	12,800	-700	700
Goods-producing	5,450	5,900	5,050	-450	400
Mining	5,150	5,500	4,700	-350	450
Service-producing	8,050	8,300	7,750	-250	300
Government	4,150	4,300	4,250	-150	-100
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,550	3,700	3,600	-150	-50

Gulf Coast Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	20,400	20,950	20,000	-550	400
Goods-producing	4,550	4,350	4,450	200	100
Mining	1,100	1,100	1,050	0	50
Construction	800	950	750	-150	50
Manufacturing	2,650	2,300	2,650	350	0
Seafood Processing	1,700	1,300	1,850	400	-150
Service-producing	15,850	16,600	15,550	-750	300
Transportation	1,750	1,850	1,750	-100	0
Trade	3,500	3,700	3,450	-200	50
Wholesale Trade	400	450	400	-50	0
Retail Trade	3,100	3,250	3,050	-150	50
Finance-Ins. & Real Estate	600	600	500	0	100
Services & Misc.	4,300	4,500	3,950	-200	350
Government	5,700	5,950	5,900	-250	-200
Federal	450	450	500	0	-50
State	1,650	1,850	1,750	-200	-100
Local	3,600	3,650	3,650	-50	-50

Southwest Region

	p/	r/		Changes from:	
	1/91	12/90	1/90	12/90	1/90
Total Nonag. Wage & Salary	13,850	14,150	13,450	-300	400
Goods-producing	3,550	3,250	3,250	300	300
Seafood Processing	3,300	2,950	2,950	350	350
Service-producing	10,300	10,900	10,200	-600	100
Government	6,000	6,300	6,150	-300	-150
Federal	1,200	1,300	1,300	-100	-100
State	450	550	500	-100	-50
Local	4,350	4,450	4,350	-100	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

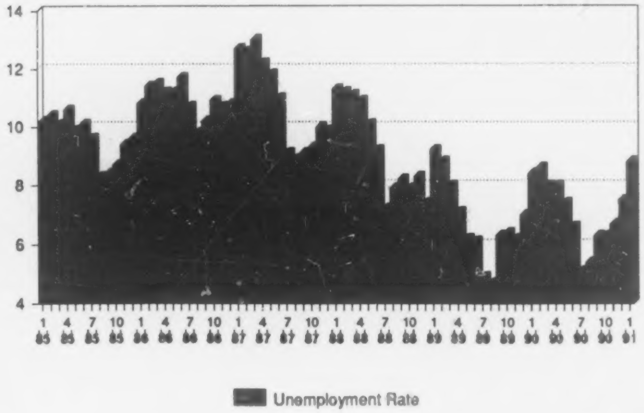
Gulf War Fallout Felt In Alaska

Many other announcements were related, either directly or indirectly, to occurrences in the Persian Gulf. Higher oil prices during the beginning of the conflict meant that oil companies' profits exceeded expectations. While these profits might mean larger dividends for shareholders, money should be available for additional development and exploration activities over the next few years. One such project announced in January is the expanded maintenance of the TransAlaska Pipeline. Three additional miles of pipeline will be replaced, as continued inspection found more corrosion problems.

Most cruise ship lines operating in the state announced an increased number of transits for 1991. Loss of bookings in Europe, caused by concern about terrorist attacks, prompted the companies to shift more ships to Alaska during the summer season. Last summer, many people worried that Alaska's tourism would decline as European travel became easier and America entered a recession. The current U.S. recession still worries many who rely on tourism dollars. Europe's allure as a safe and convenient vacation destination has, however, been largely eliminated with the outbreak of war in the Persian Gulf. Terrorist attacks during the last decade did much to steer visitors to Alaska and away from other vacation destinations. While economic pressures might reduce the total number of American tourists this year, hopes are that a higher percentage will spend their vacation dollars in Alaska in 1991.

Figure • 1

Alaska's Unemployment Rate



Source: Alaska Department of Labor, Research and Analysis Section.

Air Traffic Affects Economy

Alaska's two largest airports are feeling the effects of the Persian Gulf War in different ways. The Fairbanks airport has picked up three additional flights from Lufthansa Airlines. Planes flying the Germany to Hong Kong route, which refueled in Dhubai, United Arab Emirates, now refuel in Fairbanks to reduce possibilities of terrorist attacks. The Anchorage airport has not fared as well. Many trans-polar flights have been curtailed or canceled because of decreased bookings. Most of this decline is blamed on fear of terrorist attacks. Japan Air Lines reduced its trans-polar flights by as much as 30% due to reduced bookings. British Airways has canceled all of its four European flights per week until at least March.

Northern Region Leads Annual Growth

The addition of 450 mining jobs and 150 service jobs continues to give the Northern region the largest over-the-year employment gains in the state. (See Table 2.) Transportation, communications and utilities companies added another 100 jobs, while most other industries held steady over the year. These new jobs helped push the region's employment up 5.5% compared to last year.

Anchorage also showed the typical January pattern of employment: down when compared to December's seasonally inflated employment figures. As would be expected, most losses occurred in trade as temporary workers were released from their jobs. Significant declines also occurred in the construction industry, as 1990 projects were completed. Many of these lost jobs were probably outside of the municipality's boundary, since many Anchorage contractors have projects statewide.

The seasonal decline in University of Alaska employment was the driving force in the reduction of government employment over the month in Anchorage. State government employment over the year has, in contrast to the monthly data, increased by 5.7% or 400 jobs. This is the strongest growth in state government recorded in any region.

Fairbanks employment shrank in most industries when compared to December, but is enjoying over-the-year growth. The borough saw over 900 more jobs this January than last, led by increases in transportation and trade. The trade growth is particularly impressive, since January 1990 was the last month Nordstrom's retail store operated in Fairbanks. Growth in this industry means that more jobs were created over the last year than were lost by the Nordstrom closure. Comparisons

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 1/91	r/ 12/90	1/90	p/ 1/91	r/ 12/90	1/90	p/ 1/91	r/ 12/90	1/90
Mining	$1,259.18	$1,164.03	$1,032.12	51.5	48.3	44.7	$24.45	$24.10	$23.09
Construction	960.78	1,005.95	966.42	42.4	43.1	41.3	22.66	23.34	23.40
Manufacturing	489.14	487.12	500.94	41.7	37.1	41.4	11.73	13.13	12.10
Seafood Processing	413.88	332.70	407.10	47.3	36.4	46.0	8.75	9.14	8.85
Trans., Comm. & Utilities	580.72	633.19	583.25	34.0	36.1	34.8	17.08	17.54	16.76
Trade	342.99	368.68	332.76	33.3	33.7	30.5	10.30	10.94	10.91
Wholesale	584.78	591.84	544.45	39.7	41.1	38.1	14.73	14.40	14.29
Retail	291.88	321.96	289.29	31.9	32.1	28.9	9.15	10.03	10.01
Finance-Ins. & R.E	391.44	416.80	399.25	33.6	35.9	34.3	11.65	11.61	11.64

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

of February trade employment should show even stronger growth than in January.

Along with Anchorage, Fairbanks posted gains in state government employment over the year. No other region of the state saw state government employment rise. For the state as a whole, state government employment was stable over the year.

Southeast Growth Lags

Lower state government employment levels and a weak timber market combined to give Southeast the lowest over-the-year growth rate of any region. The 0.8% increase in employment occurred mainly due to increased federal and local government employment. Over-the-year increases in federal employment will not be seen for much longer. A large number of workers were employed in February and March of last year to conduct the 1990 census. Over the next few months, the inflated federal employment figures of last year should cause over the year employment declines in federal government. No other industries came to the rescue of the area's economy, with most posting losses over-the-month and only small over-the-year gains. Weakness in the region's economy was also reflected in the unemployment rates. While the statewide rate increased 1.3 percentage points between December and January, Southeast saw its rate increase by 2.7 points, rising from 8.6% to 11.3%. Every region except one saw its unemployment rate increase over the year: the Northern region's strong over-the-year growth helped to push its unemployment rate down to 7.9%, one of the lowest rates in Alaska in January.

Summary: Lots of Plans, Only a Little Action (For Now)

Declining employment levels when compared to December came as no surprise to most economy watchers. The state's recent trend of strong growth seems to be continuing, with January employment levels higher than those of a year ago. Not all areas of the state are sharing equally in this growth. The Northern region is by far the leader in growth, while Anchorage and Fairbanks continue to pick up steam. Southeast, which had one of the strongest economies in the state, has fallen to the back of the pack in the last several months.

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Table • 4

Labor Force By Region and Census Area

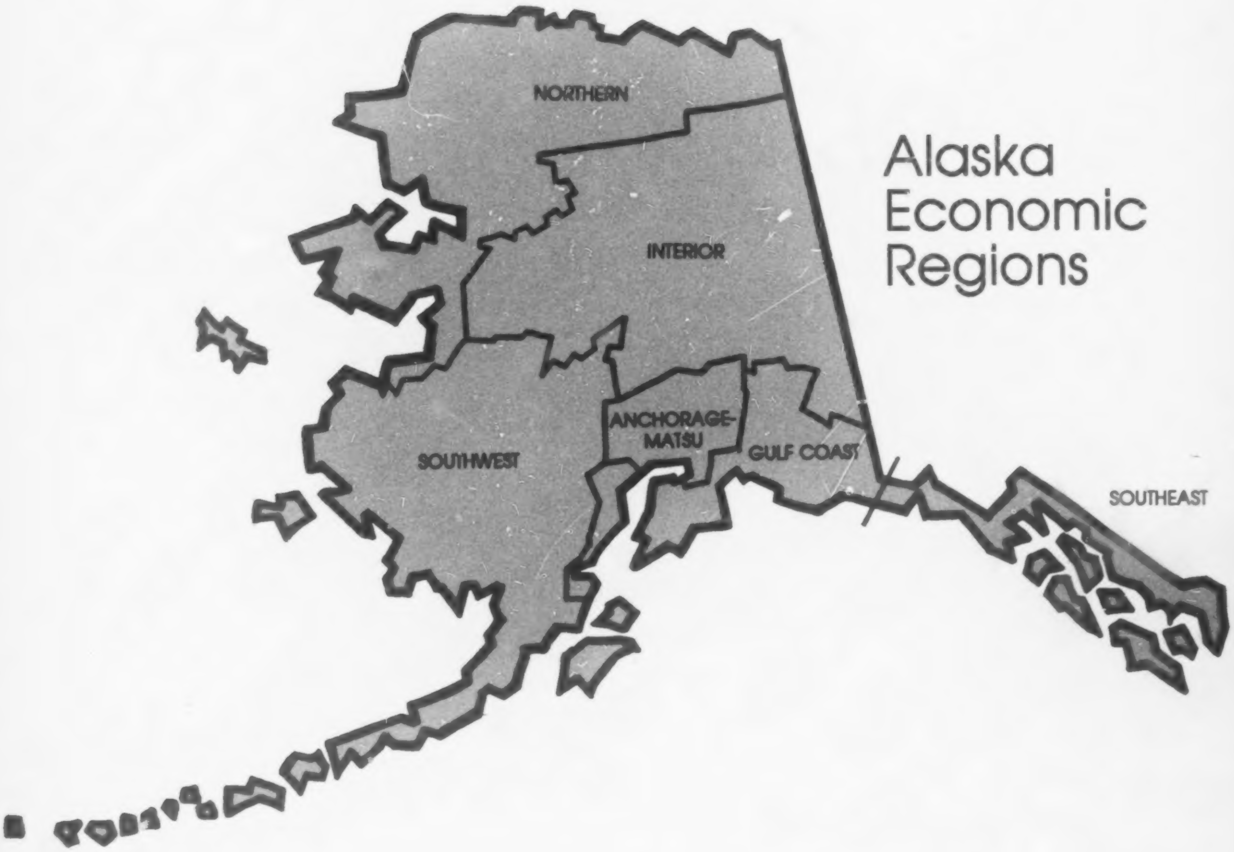
	Labor Force			Unemployment			Rate			Employment		
	p/ 1/91	r/ 12/90	1/90	p/ 1/91	r/ 12/90	1/90	p/ 1/91	r/ 12/90	1/90	p/ 1/91	r/ 12/90	1/90
Alaska Statewide	250,629	253,756	247,995	22,032	19,[illegible]6	20,738	8.8%	7.5%	8.4%	228,597	234,640	227,257
Anch.-MatSu Region	133,372	135,077	130,845	9,377	8,300	9,028	7.0	6.1	6.9	123,995	126,777	121,817
Municipality of Anchorage .	117,203	119,059	115,701	7,145	6,398	6,745	6.1	5.4	5.8	110,058	112,661	108,956
MatSu Borough	16,169	16,018	15,144	2,232	1,902	2,283	13.8	11.9	15.1	13,937	14,116	12,861
Gulf Coast Region	27,390	27,707	27,682	3,434	3,143	3,422	12.5	11.3	12.4	23,956	24,564	24,260
Kenai Peninsula Borough ..	17,250	17,178	17,354	2,572	2,127	2,489	1[illegible].9	12.4	14.3	14,678	15,051	14,865
Kodiak Island Borough	5,880	6,274	5,974	287	539	310	4.9	8.6	5.2	5,593	5,735	5,664
Valdez-Cordova	4,260	4,255	4,354	575	477	623	13.5	11.2	14.3	3,685	3,778	3,731
Interior Region	34,790	35,504	34,705	3,960	3,468	3,810	11.4	9.8	11.0	30,830	32,036	30,895
Fairbanks North Star Bor.	29,917	30,576	29,796	3,185	2,798	3,008	10.6	9.2	10.1	26,732	27,778	26,788
Southeast Fairbanks	2,052	2,070	2,043	344	295	331	16.8	14.3	16.2	1,708	1,775	1,712
Yukon-Koyukuk	2,821	2,858	2,866	431	375	471	15.3	13.1	16.4	2,390	2,483	2,395
Northern Region	7,927	8,155	7,916	630	551	691	7.9	6.8	8.7	7,297	7,604	7,225
Nome	2,947	3,046	2,936	278	264	293	9.4	8.7	10.0	2,669	2,782	2,643
North Slope Borough	2,895	2,974	2,871	135	98	138	4.7	3.3	4.8	2,760	2,876	2,733
Northwest Arctic Borough .	2,085	2,135	2,109	217	189	260	10.4	8.9	12.3	1,868	1,946	1,849
Southeast Region	34,682	34,640	34,473	3,926	2,972	3,180	11.3	8.6	9.2	30,756	31,668	31,293
Haines Borough	859	854	849	128	101	105	14.9	11.8	12.4	731	753	744
Juneau Borough	14,948	15,162	14,978	1,039	840	826	7.0	5.5	5.5	13,909	14,322	14,152
Ketchikan Gateway Bor.	6,677	6,567	6,512	977	698	713	14.6	10.6	10.9	5,700	5,869	5,799
Pr. of Wales-Outer Ketch. ..	2,802	2,679	2,766	534	344	458	19.1	12.8	16.6	2,268	2,335	2,308
Sitka Borough	3,957	4,017	3,935	334	287	249	8.4	7.1	6.3	3,623	3,730	3,686
Skagway-Yakutat-Angoon .	1,801	1,738	1,806	385	280	365	21.4	16.1	20.2	1,416	1,458	1,441
Wrangell-Petersburg	3,638	3,623	3,627	529	422	464	14.5	11.6	12.8	3,109	3,201	3,163
Southwest Region	12,468	12,673	12,374	705	682	607	5.7	5.4	4.9	11,763	11,991	11,767
Aleutians East Borough	866	883	880	5	5	19	0.6	0.6	2.2	861	878	861
Aleutians West	2,435	2,481	2,446	23	22	33	0.9	0.9	1.3	2,412	2,459	2,413
Bethel	4,830	4,903	4,701	371	358	241	7.7	7.3	5.1	4,459	4,545	4,460
Bristol Bay Borough	500	498	480	45	34	25	9.0	6.8	5.2	455	464	455
Dillingham	2,244	2,285	2,289	114	114	158	5.1	5.0	6.9	2,130	2,171	2,131
Wade Hampton	1,593	1,623	1,578	147	149	131	9.2	9.2	8.3	1,446	1,474	1,447

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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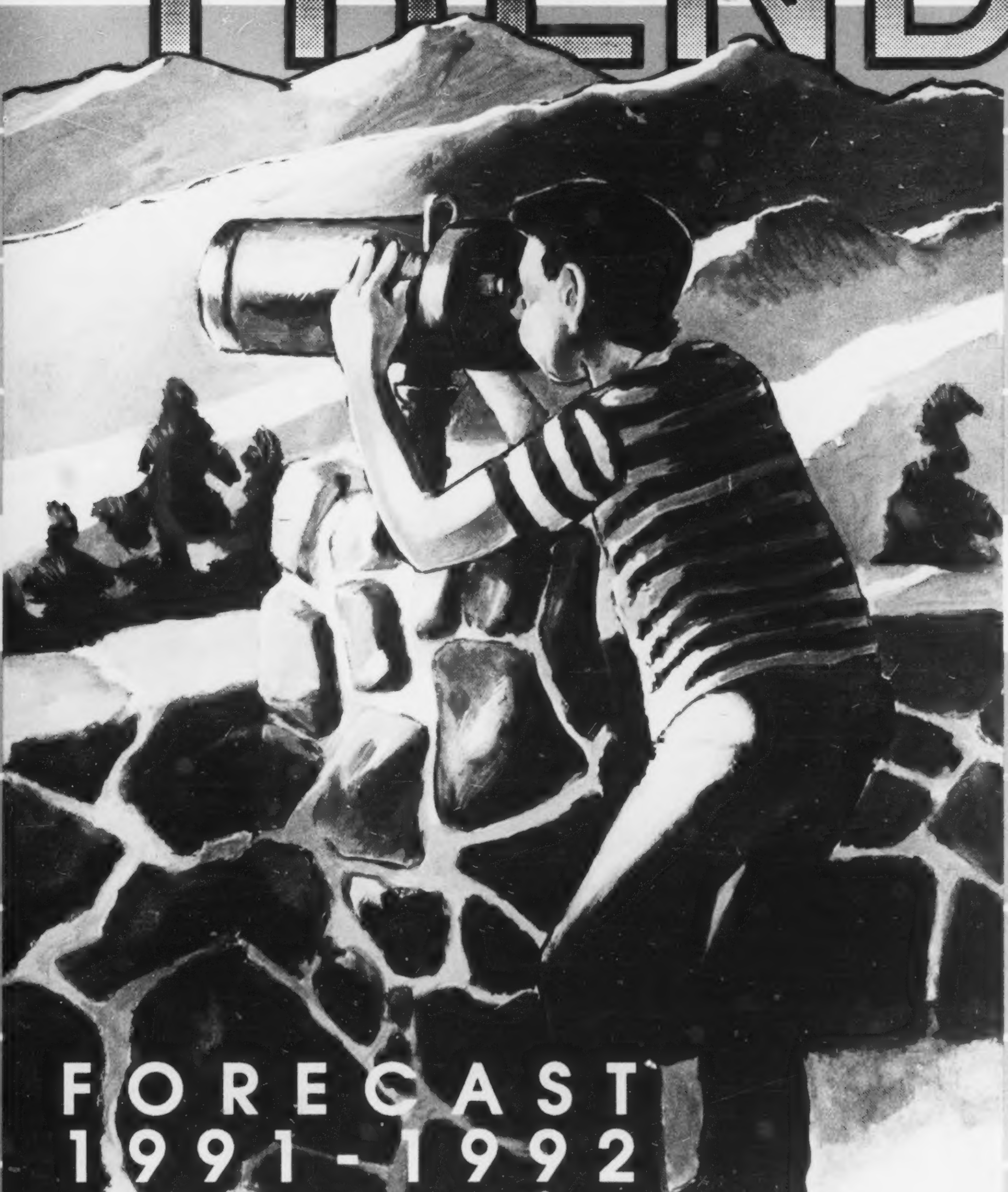
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1991-1992

May 1991

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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May 1991
Volume 11
Number 5

Alaska State
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JOB SERVICE

UNEMPLOYMENT
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> *"As lousy as things are now, tomorrow they will be somebody's good old days."*
> Gerald Barzan

Cover design by Jim Fowler

MADE IN ALASKA

Alaskan Economy To Continue Growing

by John Boucher

In 1990, Alaska posted a 4.4% rate of employment growth

and the second-lowest statewide unemployment rate since 1978. Total wage and salary employment reached an all-time high, surpassing even the heady days of the mid-80's boom.

Employment in Alaska has grown for three consecutive years, and since the beginning of the recovery in 1988, employment has grown more than 10%. During the last two years in particular Alaska's economy has performed well, and it is with this backdrop that the forecast for employment during 1991 and 1992 was conducted.

Forecast Calls for Continued Growth

Employment in Alaska will continue to grow through 1992. However, some forces will conspire to slow the Alaskan economy down. Lower oil prices and a weaker market for some Alaskan exports are two forces which will check employment growth in Alaska's economy during the next two years. Despite the outlook for these two pieces of the Alaskan economic forecast, employment is expected to grow at a 2.9% rate through 1992. (See Table 1 and Figure 1.)

One note of caution: this forecast places North Slope oil prices during 1991 in the $14-$16/bbl. range, and in the $15-$17/bbl. range for 1992. If prices are significantly lower, growth in Alaska's economy will be less than forecast here.

Oil Prices Will Slow Mining Growth

During 1989 and 1990 mining was one of Alaska's fastest growing industries. During the next two years employment should continue to grow, but at a substantially slower pace than the 12.7% growth rate posted in 1990.

Since nine out of every ten wage and salary employment jobs in Alaska's mining industry are oil and gas related, future employment prospects

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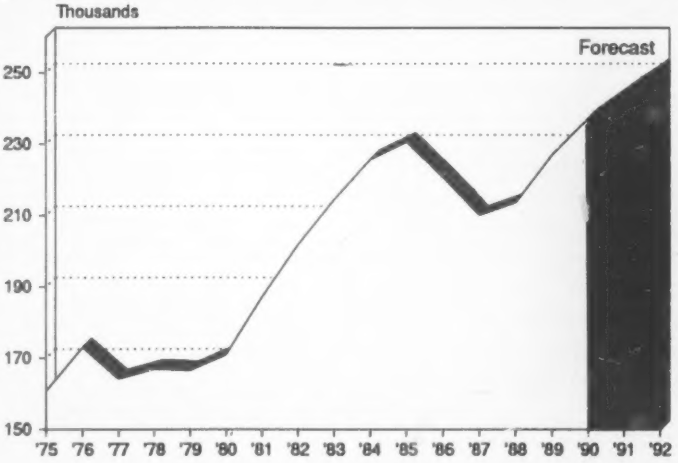
Figure • 1

Alaska Annual Average Nonagricultural Wage & Salary Employment 1975-1992



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Alaska Nonagricultural Wage & Salary Employment Forecast 1991-1992

	1989 Annual Average	1990 Annual Average	Percent Change 89-90	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92
Nonag. Wage and Salary	227,100	237,200	4.4%	244,350	3.0%	251,175	2.8%
Goods-producing	35,700	38,700	8.4%	40,250	4.0%	41,925	4.2%
Mining	10,200	11,500	12.7%	12,200	6.1%	13,000	6.6%
Construction	9,800	10,500	7.1%	11,400	8.6%	12,200	7.0%
Manufacturing	15,700	16,700	6.4%	16,650	-0.3%	16,725	0.5%
Seafood Processing	8,300	9,100	9.6%	9,250	1.6%	9,250	0.0%
Lumber & Wood Products	2,900	3,000	3.4%	2,650	-11.7%	2,650	0.0%
Service-producing	191,400	198,500	3.7%	204,100	2.8%	209,250	2.5%
Transportation	21,200	20,500	-3.3%	21,275	3.8%	21,850	2.7%
Trade	44,200	46,100	4.3%	47,825	3.7%	49,375	3.2%
Wholesale Trade	7,900	8,200	3.8%	8,350	1.8%	8,450	1.2%
Retail Trade	36,300	37,900	4.4%	39,475	4.2%	40,925	3.7%
Finance-Ins. & Real Estate	10,300	10,300	0.0%	10,400	1.0%	10,500	1.0%
Services & Misc.	46,900	50,900	8.5%	53,350	4.8%	55,725	4.5%
Government	68,800	70,800	2.9%	71,250	0.6%	71,800	0.8%
Federal	18,200	18,700	2.7%	18,500	-1.1%	18,500	0.0%
State	20,700	21,400	3.4%	21,250	-0.7%	21,000	-1.2%
Local	29,900	30,700	2.7%	31,500	2.6%	32,300	2.5%

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis Section.

in mining are tied predominantly to the fortunes of the oil industry. In turn, the fortunes of Alaska's oil industry are dependent on world oil prices.

The aftermath of the war in the Persian Gulf is the biggest factor affecting the outlook for the world oil market during the next two years. Oil prices have been on a steady downward slide since September. As the war approached its final hours, oil prices had returned to the range they were in prior to the Iraqi invasion of Kuwait. Financial pressures are on all of the participating countries, including those dependent on oil revenue, to recover from the drain that the war effort has made on their economies. Iraqi and Kuwaiti oil production, which have had little influence in the world market, have nowhere to go but up. Demand on the other hand has been dropping off due to the recession and expanded conservation efforts. For the balance of 1991, evidence points to continued lower prices; however, industry analysts predict a recovery in oil prices during 1992 as the world economy recovers, demand picks up, and key Middle East producers reorganize and reestablish themselves in the marketplace.

Lower prices during 1991 may increase competitive pressures on Alaskan producers and their contractors, but oil industry employment should continue to post some slower growth. The North Slope is still the single most productive area in the U.S. and it has reached the age where more investment (and labor) is needed to keep the Prudhoe field productive. Construction of a second gas-handling facility, an aggressive "fracturing" program, as well as new development are all going to figure in the employment picture during the next several years. There is also a possibility of some preliminary activity at the Alaska National Wildlife Refuge; but it probably won't be a major contributor to employment in the next two years.

Hardrock Mining Hits a Lull

While it is only a fraction of the employment that the oil and gas industry represents, Alaska's hard rock mining industry has posted some explosive employment growth during the last several years. The next two years, however, portend much slower growth. It is unlikely that any major mines will go into operation until 1993 or later. Currently the most promising of the "majors" is the Kensington Mine located just north of Juneau, but an optimistic timeline for that project puts the construction phase in summer 1992. There are other major mine employment possibilities across the state, each with their unique obstacles to overcome. Wishbone Hill in the MatSu Borough, Fort Knox near Fairbanks, the AJ in Juneau, Windy Craggy just across the Canadian border from Haines, and the Lik-Su deposit near the Red Dog mine all offer possibilities for minerals industry employment beyond the forecast horizon.

Construction Industry Will Be Busy

Large construction projects, a recovery in Alaska's housing market, a rebounding commercial sector, and a solid contribution from public construction monies point to continued growth for construction employment for the next two years.

Investment on the North Slope and continuation of repair work on the Trans-Alaska pipeline are expected to be two major engines driving Alaska construction employment during the next two years. Lower oil prices during 1991 may curb some future spending in oil and gas related construction, but there will still be plenty of construction work available in the oil industry.

Alaska's largest housing market, Anchorage and vicinity, is past the recovery stage and on a roll. Housing prices in Anchorage have increased dramatically and the market is no longer dominated by institutional sellers. Existing homes and newly constructed housing are now the majority of Anchorage's property sales. Anchorage building permit activity is expected to double again in 1991. While not every major housing market is expecting that kind of growth, more residential construction employment is expected during the next two years.

In the commercial construction market, the lid was pried open by several construction projects during 1990. These include a new Fred Meyer outlet in Fairbanks; planned additional federal office space and a new J.C. Penney store to open in Juneau; and additional new seafood processing facilities built in Southeast Alaska. The optimism that spurred those projects should carry over into the next two years.

Publicly financed construction, particularly highway and street construction, should also be a source of employment for construction workers during the next two years.

Timber, Seafood Industries Key to Manufacturing Forecast

Employment growth during the past several years in the manufacturing industry has been attributable to two factors: a growing timber industry and an expanding seafood processing industry. Timber industry employment growth was driven by a Japanese market which had a ravenous appetite for both finished and, in particular, unfinished timber products. Seafood processing employment growth has been due to the growth in winter processing jobs caused by the expansion of the bottomfish industry in Southwest Alaska. In 1990, salmon-related processing provided a portion of the employment boost in seafood processing because processors who were disabled by the Valdez oil spill came back on line.

During the next two years manufacturing employment will slow because of these two industries. Alaska's wood products employment, particularly logging in Southeast Alaska, is headed for a contraction. In the last quarter of 1990 market forces and inclement weather combined to knock logging employment in Southeast nearly 30% below 1989. While weather can improve during the next two seasons, the market does not look like it is going to. Even if the timber market rebounds, the stock of available timber is diminishing. Some of the reasons for the decline include: a falloff in available Native-owned timber, less timber at higher prices available from the Tongass National Forest, and outstanding litigation which is tying up some timber harvesting.

In the seafood processing sector of manufacturing there is room for growth, but it will depend on the performance of Alaska's winter fisheries. New processing plants for bottomfish are scheduled to come on line during the next two years adding to employment. Winter crab harvests have been rebounding and that is good news for winter employment in seafood processing. Salmon-related processing is expected to make marginal contributions to employment gains. There is some reason for caution in this industry though, since there are signs that the bottomfish harvest is stretched to near its capacity.

That portion of the manufacturing industry unrelated to timber and fish is dominated by newspapers, and printing and publishing firms. Growth in this sector is expected to be minimal during the next two years, but the addition of small manufacturers filling unique market niches is expected to contribute some employment growth.

Transportation Industry Bolstered by Air Cargo, Tourism

The performance of the transportation industry during 1990 was the biggest surprise in Alaska's economy. Handicapped by a loss of 2,000+ jobs due to reduced work force on the oil spill, this industry thrived in most sectors, offsetting a good deal of the job loss created because of the spill work force reduction.

Air transportation was one of the key performers during 1990 and this trend is expected to continue. Expansion of air cargo facilities and the addition of new routes by some of Alaska's air carriers will continue to boost Alaska's air transportation industry albeit at a much slower pace that 1989 or 1990. This is one segment of Alaska's economy which will benefit from lower oil prices predicted for 1991 and 1992.

The tourism-related portion of the transportation industry, consisting primarily of ground transit such as bus tours, is expected to have a banner year in 1991 and continued good fortune into 1992. Key operators are projecting a 10% increase in the number of visitors in 1991, largely due to the threat of terrorism in the Middle East and Europe. Cruise ships which normally operate in the Mediterranean are opting for Alaskan destinations. Add the probability of lower gas prices during the summer and conditions are right for a boom year in tourism for Alaska. There are some concerns that the recession in the Lower 48 will adversely impact the season, but they seem to be outweighed by travelers concerns about safety.

The communications and utilities portions of the industry are expected to contribute slow steady growth during the next two years. For the most part, employment in these sectors is driven by population trends. Alaska's population is expected to continue to increase during the next two years. In-migration will be one source of population growth as refugees from the recession in the rest of the country seek opportunity in Alaska. Another source of population growth will be natural increase.

Financial Sector Lags Behind

Despite record profits at Alaska's largest financial institutions, employment growth in this industry did not materialize during 1990. The banking shakeout is over, but its memory remains fresh in the minds of the survivors. Profits posted and a turnaround in Alaska's major real estate markets will probably produce some cautious expansion, but there is little reason to believe that the banking growth that occurred during the mid-80's is about to be repeated.

Services, Trade will Flourish for a Number of Reasons

Alaska's trade and services industries will grow during the next two years in response to a variety of factors. Portions of these two industries behave similarly because they depend upon similar economic activities for a good portion of their business. For example, hotels and gift shops are tied to the fortunes of Alaska's tourism industry. Because tourism is expected to experience some healthy growth in the next two years, these two parts of services and trade are expected to thrive.

Since the outlook for the construction industry is good, that will benefit several sectors of services and trade. Wholesalers who service and sell heavy equipment will do well. Building supply and furniture stores should experience employment growth. Professional services to the construction industry like architects, engineers, and surveyors will benefit from healthy growth in the construction industry.

Some portions of trade and services will experience growth largely due to population increases. Demand for services like day care and health care will grow as the population increases. Food stores should also benefit from an increasing population.

Some sectors of these two industries are more dependent on a healthy economic outlook and the income of the general population. Car dealerships and some personal services like dry cleaners are two examples of this. The outlook for these types of businesses is also positive. The economic mood just about everywhere in the state is upbeat, and personal income continues to grow at a steady rate.

Completion of Census Spurs Federal Employment Decline

During 1990 there was a temporary jump in federal government employment as census takers were added to the payrolls. These jobs will disappear in 1991, but federal government probably won't fall back to 1989 levels if plans to deploy a fighter squadron at Elmendorf Air Force Base happen. Although not figured into the forecast, there is potential for the loss of a good portion of the federal employee wage base. This could happen if the proposal to eliminate the cost-of-living allowance for certain employees should be implemented. Federal employment, and many communities' retail trade and services industries could be dealt a severe blow if the federal cost-of-living allowance is discontinued.

State Slated for Employment Cuts

Two factors point to a drop in state government employment during the next two years. If oil prices come in as projected, there could be fiscal pressures on the state to downsize. Second, and probably most important, is the current administration's intent to operate state government on a leaner budget and work force. These factors will shape the state government work force during the next two years.

Local Governments Hit By Growth in School-Age Population

Local government expansion has been education related during the past few years. Alaska's local school districts have had to respond to a growing school age population by hiring more employees and building new facilities. Even if there were no in-migration, this trend would be expected to continue through at least the next two years. In-migration will only add to the pressure on the districts. This points to continued growth in local government employment that is related to educating Alaska's youth.

A positive outlook in Alaska's real estate market may lead to some expansion in local government employment. Property valuations around the state are going up and may mean an expanded property tax base for local governments which could make some growth possible. What is most likely, however, is that this portion of local government employment will be stable. There may be some incremental increases due to a few new local governments forming and hiring small staffs.

Summary: Slower But Healthy Growth Projected

After three straight years of strong employment growth, Alaska's economy is expected to turn in two more solid years of employment growth during 1991 and 1992. There will be some slowdown evident as the logging industry falters and mining growth slows from a torrid pace. The outlook for most of Alaska's industries is for continued employment growth, led by construction, mining, services and trade jobs. This is somewhat dependent on oil prices remaining at current levels; but with that proviso in mind, the outlook for Alaska's economy through 1992 looks like smooth sailing.

Anchorage Could Achieve Record Employment in 1991-92

By Neal Fried

Neal Fried is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

Anchorage's economy now has two years of strong growth behind it. This forecast shows additional growth for two more years. If the forecast proves accurate, employment in Anchorage will reach a new high in 1991.

Nearly all of the ingredients are in place to keep Anchorage's economy moving ahead. Anchorage's population is growing briskly. The much-maligned banking industry is enjoying record profits. The Air Force plans to locate a new F-15 squadron at Elmendorf Air Force Base. A constant flow of positive real estate reports keeps spirits buoyed, and many industries are planning expansions.

After prospering for two years, most of Anchorage is convinced that the economy is on firm ground. This psychological effect on the investment climate is not measurable, but it cannot be overlooked. Investors who took a wait-and-see attitude may now be ready to jump in. The momentum of the past two years will help carry Anchorage forward.

Oil Price Uncertainty Is Cause For Caution

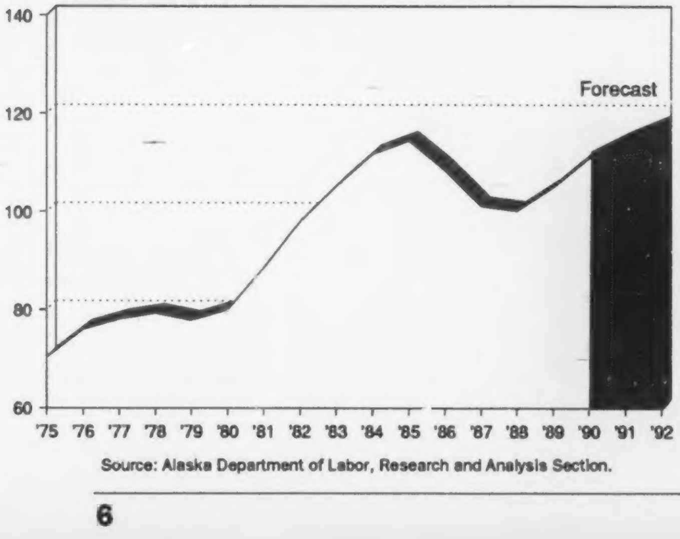
One ingredient could spoil the outlook for Anchorage's economy. Oil prices may fall sharply with the end of the war. This forecast is based on an oil price scenario which has North Slope oil prices at $14-$16/bbl. for 1991 and $15-$17/bbl. during 1992. However, if oil prices fall further than expected and low prices prevail for longer than assumed, oil carries the punch to derail this forecast.

Oil Industry Growth Dampens But Outlook Still Positive

After two exceptionally strong years, the rate of growth of Alaska's oil industry will decelerate but employment will not decline. The plans of BP Exploration and ARCO to consolidate services at Prudhoe Bay will cause some cutbacks in personnel. Completion of the $450 million gas handling

Figure • 1

Municipality of Anchorage Annual Average Nonagricultural Wage & Salary Employment 1975-1992



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Municipality of Anchorage Nonagricultural Wage & Salary Employment Forecast 1991-1992

	1989 Annual Average	1990 Annual Average	Percent Change 89-90	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92
Total Nonag. Wage & Salary	105,000	111,000	5.7%	114,750	3.4%	117,700	2.6%
Goods-producing	10,600	11,900	12.3%	13,000	9.2%	13,450	3.5%
Mining	3,550	3,850	8.5%	4,000	3.9%	4,200	5.0%
Construction	4,900	5,750	17.3%	6,600	14.8%	6,800	3.0%
Manufacturing	2,150	2,300	7.0%	2,400	4.3%	2,450	2.1%
Service-producing	94,400	99,100	5.0%	101,750	2.7%	104,250	2.5%
Transportation	10,100	11,000	8.9%	11,300	2.7%	11,650	3.1%
Trade	25,400	26,100	2.8%	26,800	2.7%	27,600	3.0%
Wholesale Trade	5,900	5,850	-0.8%	6,100	4.3%	6,200	1.6%
Retail Trade	19,500	20,200	3.6%	20,700	2.5%	21,250	2.7%
Finance-Ins. & Real Estate	6,700	6,450	-3.7%	6,550	1.6%	6,700	2.3%
Services & Misc.	26,300	28,750	9.3%	30,000	4.3%	31,200	4.0%
Government	25,900	26,850	3.7%	27,100	0.9%	27,100	0.0%
Federal	10,200	10,450	2.5%	10,450	0.0%	10,550	1.0%
State	7,250	7,700	6.2%	7,800	1.3%	7,650	-1.9%
Local	8,450	8,650	2.4%	8,850	2.3%	8,900	0.6%

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis Section.

(GHX-1) project in 1990 will also make it difficult for the industry to continue the impressive employment gains made during the past two years.

This does not imply the North Slope will be a quiet place. Because many of the oil fields are aging, more effort is going into bringing the oil to the surface. As a result, there will be lots of oil well maintenance work, well overhauls, work on flow stations as well as drilling new wells during the next two years. In 1991 ARCO plans to drill 115 new wells, 40 more than they did in 1990.

Another boost in activity could come from plans to develop the Pt. McIntyre oil field on the North Slope. ARCO has already given the go-ahead. If the two other partners give it the green light, this field will be developed at an estimated cost of $727 million. The project could generate as many as 800 construction jobs. The oil companies' handsome 1990 profits should give them the ability to continue to make investments of this size in the future.

Construction Outlook Is Good For Anchorage

Tight is the word most often used to describe the present Anchorage housing market. The sale of repossessed properties is no longer dominating the housing market. New construction will be an important share of the 1991-1992 Anchorage housing market. Residential construction activity could double in 1991 from the 395 building permits issued in 1990. The U.S. Department of Housing and Urban Development forecasts 1,550 new units over the next two years in Anchorage, including some multifamily and mobile home activity. Some believe the numbers could go higher but the state's lending institutions will probably keep a brake on new housing construction to prevent another collapse.

For the first time in five years commercial construction activity will breathe some new life into the Anchorage construction scene. The Alaska Railroad has put out a proposal for a new headquarters. The Veterans Administration is building a new six-story office building to consolidate their operations. The construction of a new $30-35 million hotel at Alyeska will begin in 1992. Other commercial activity is expected to occur.

A sizeable inventory of industrial real estate still exists but there could be some construction in that segment of the market during the forecast period. For example, Federal Express and Alaska Airlines may both build maintenance hangers.

Road construction activity will increase substantially in 1991. Major work will begin on the $50 million Glenn Highway four lane project from Eklutna to the Parks Highway. Work will continue on Raspberry Road. Tudor Road will undergo $8 million worth of rehabilitation. A number of other multi-million dollar projects will also get underway.

It appears other public sector construction will grow. The governor has submitted a list of $209 million worth of capital projects for the current fiscal year. Several public construction projects will get underway in Anchorage. In addition, increases in construction elsewhere in the state will benefit Anchorage's construction industry.

Some Down Drafts In Air Transportation In 1991

Although Anchorage has been losing international air passenger traffic for several years, the air transportation industry has managed to avoid employment declines. In 1991 Anchorage will begin to feel the results of a dwindling number of international passengers. Not only are longer range jets and glasnost to blame; higher fuel prices and the war hastened the declines. Some companies tied to this business have already announced large layoffs. Several air carriers have trimmed their work forces. These losses will be more evident in 1991's economy because there will be no large corresponding increases elsewhere in air transportation to mask these declines—such as Federal Express's large increases of 1989-1990. Although not all is grim in this dynamic sector the down drafts will be particularly severe in 1991.

There are opportunities for growth, however, in Anchorage's air industry. A good chance exists that Federal Express, with the help of the Alaska Industrial Development Export Authority, will build a jet maintenance facility in Anchorage. The possibility exists that 55 Federal Express pilots and 12-15 technicians will relocate to Anchorage. Alaska Airlines is also looking at the possibility of a new facility for maintenance in Anchorage. United Parcel Service added about 100 employees in late 1990 to take care of their new Japan route. This will boost air transportation's 1991 numbers. There are indications other airlines may base more of their pilots out of Anchorage during the forecast horizon.

Tourism Looks Good But Question Marks Exist

The outlook for tourism took many different twists and turns during the past year. Because of the national recession and high gasoline prices, the outlook for the tourism season looked bleak in late 1990. Then the specter of terrorism in Europe and sharp declines in gasoline prices suddenly made Alaska an attractive destination. Cruise ship operators are diverting ships to Alaska's waters and many tour operators are now predicting a good season.

A few nagging elements still exist. The national recession is one. The other is the ultimate effect the war will have on tourism. An answer to these two bedeviling questions won't exist until the season gets well underway.

Moderate Growth In Trade and Services

Although growth will be moderate in these two industries, they will generate the largest number of new jobs because of their considerable size. Population and income growth will be a major source of stimulus for these industries. Most of retail trade, along with health services, will benefit from Anchorage's growing population. The projected increase in construction will boost engineering and architectural services. A healthy tourism season should boost employment in eating establishments, retail trade in general and hotel and lodging services.

New entries, such as the planned Costco Wholesale Corporation's warehouse, will also help boost the numbers. Layoffs related to the air industry at International In-Flight Catering and Duty Free Shoppers, however, will temper the industry's growth.

Finance-Insurance and Real Estate Will Grow For The First Time In Five Years

After five years of employment losses, the finance-insurance and real estate industry will begin to grow again in 1991. The large financial institutions that now dominate Anchorage's market enjoyed healthy and, in some cases, record profits over the last year. By late 1990 one group of investors felt positive enough about the future that they formed the new Northrim Bank. Loan activity is on the upswing and most banks expect activity to accelerate during the next year. Because of this industry's recent turbulent history, their expansions will be done in small steps.

Outlook for Public Sector Mixed

Federal civilian employment levels will experience little change during the next two years. A small decline may occur in 1991 because the 1990 Census Bureau's team has closed up shop. Small increases should occur in 1992 when the new F-15 fighter squadron is in place at Elmendorf Air Force Base. Little or no decline in the federal cost of living adjustment is assumed for the forecast period.

Declines will hit state government employment. The new administration plans to cut the operating side of the budget, which ultimately will mean fewer state employees. Although cuts will take place in 1991, they won't happen until the new fiscal year which begins in July. Therefore, over-the-year declines will probably not show up until 1992.

On the local level employment will perk up. The Anchorage School District is predicting record enrollments for the 1991-1992 school year. An attempt to improve the student:teacher ratio could also boost district employment.

Competition Will Heat Up In The Labor Market

The perennially predicted national recession finally hit in 1990. Although Alaska will not join the nation in its present economic woes, the state will become host to a growing number of economic refugees. How many job seekers will decide to head north is difficult to say. All indications are that the number will be the largest Anchorage has seen in five years.

Because employment will grow in Anchorage, the labor market will absorb some of the job seekers. Their numbers, however, may grow faster than the number of new jobs. As a result, Anchorage's unemployment rate would rise and the Anchorage labor market would become more competitive for local job seekers. Employers will probably not have any difficulty finding employees and labor shortages will most likely disappear.

Summary: The Next Two Years Should Be Good Ones for Anchorage

Strong in-migration, a new F-15 squadron, a buoyed real estate market, and an optimistic investment climate should keep Anchorage's economy moving forward during the next two years.

There is, however, one scenario that could turn this forecast upside down. There is the possibility that oil prices will soon fall steeply and will remain low for a considerable amount of time. If this were to happen the forecast would be considerably different.

Nearly all of Anchorage's industries are expected to grow. One with particular strength will be construction. This is because privately-funded construction, largely absent during the past five years, will complement the public construction.

More modest increases will come from the oil industry, retail trade and services. Tourism is a difficult call this year but it appears Alaska will enjoy another healthy season.

The public sector's picture is mixed. Federal government is expected to remain unchanged. State government is projected to decline slightly as the operating budget is trimmed. And local government will rise slightly as a result of growing school enrollments.

After two strong years of recovery, the expectation is for two more good years. If this proves true, Anchorage's employment will surpass the previous high reached in 1985.

Fragile Growth Forecast for Fairbanks

by Holly Stinson

Holly Stinson is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

The employment picture in Fairbanks was positive for the past two years, and should continue, albeit at a slower pace, for the next two years. Fairbanks' economy added 1,100 new jobs in 1989 and 650 in 1990. This forecast projects only 400 additional jobs in 1991—what might be termed fragile growth. Employment increases in the services-producing sector will drive Fairbanks' growth, while jobs in the goods-producing sector will likely decline.

This forecast is based on the assumption that North Slope oil prices will be in the $14-$16/bbl. range in 1991 and $15-$17/bbl. range in 1992. Economic growth could easily be spoiled by $9/bbl. oil. Five years ago when oil prices hit this low mark Fairbanks lost more than 2,000 jobs (on an annual average basis) in one year. More than half of that decline, however, was in the construction industry, which has a much smaller share of Fairbanks' economy today. Low oil prices could indeed derail growth, but the scenario would be different than in the past.

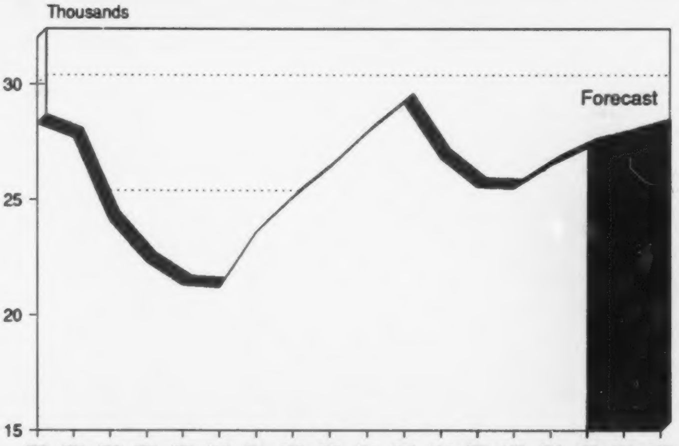
Military Construction Will Be Missed

While Fairbanks' construction industry is smaller than in the past, it is still vulnerable to government spending. The single largest reason for the continued drop in construction jobs during this forecast period is the decrease in the military construction budget. Some projects will keep the construction industry from declining further, but not enough to offset the missing military work which has meant hundreds of construction jobs over the past three years.

These other construction projects include a Fred Meyer retail store with a targeted completion date of October 1991 and a new Carr's grocery operation in 1992. Following many years of speculation, Sears Roebuck & Company will open a full service store in November 1991. Princess Tours plans to break ground in May 1991 for a two-year, $10 million hotel project. The Department of Transportation will spend close to $30 million in each of the next two years on road construction in Fairbanks. (Up from $22.8 million in 1990.) In this same time frame, the University of Alaska Fairbanks will spend $30 million in federal funds for new facilities at their rocket range. Repair work on the

Figure • 1

Fairbanks North Star Borough Annual Average Nonagricultural Wage & Salary Employment 1975-1992



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Fairbanks North Star Borough Nonagricultural
Wage & Salary Employment Forecast 1991-1992

	1989 Annual Average	1990 Annual Average	Percent Change 89-90	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92
Total Nonag. Wage & Salary	26,600	27,250	2.4%	27,650	1.5%	28,200	2.0%
Goods Producing	2,450	2,300	-6.1%	2,200	-4.3%	2,250	2.3%
Mining	150	150	0.0%	150	0.0%	200	33.3%
Construction	1,750	1,550	-11.4%	1,450	-6.5%	1,450	0.0%
Manufacturing	550	600	9.1%	600	0.0%	600	0.0%
Services Producing	24,150	24,950	3.3%	25,450	2.0%	25,950	2.0%
Transportation	1,900	2,000	5.3%	2,100	5.0%	2,150	2.4%
Trade	5,800	5,950	2.6%	6,200	4.2%	6,450	4.0%
Wholesale Trade	700	750	7.1%	800	6.7%	800	0.0%
Retail Trade	5,100	5,200	2.0%	5,400	3.8%	5,650	4.6%
Finance-Ins. & Real Estate	800	800	0.0%	800	0.0%	850	6.3%
Services & Misc.	5,950	6,200	4.2%	6,400	3.2%	6,550	2.3%
Government	9,700	10,000	3.1%	9,950	-0.5%	9,950	0.0%
Federal	3,100	3,100	0.0%	3,050	-1.6%	3,050	0.0%
State	4,000	4,200	5.0%	4,150	-1.2%	4,100	-1.2%
Local	2,600	2,700	3.8%	2,750	1.9%	2,800	1.8%

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis Section.

Trans-Alaska pipeline in 1991 may also help the construction industry from further decline.

What is important about all of these projects is that they are funded almost 100% by private firms or the federal government and therefore are not subject to the vagaries of the state's capital budget. State spending on capital projects in Fairbanks would mean jobs additional to those forecast, and could possibly keep employment in this industry from dropping during 1991 and 1992.

Mining Industry As A Whole Will Be Steady

The other two industries in the goods-producing economic sector—mining and manufacturing—are not projected to change much during 1991 and 1992. If metal prices continue to decline, mining employment in Fairbanks will do well to hold even with 1990.

The biggest potential gold mine in the area, Ft. Knox, is up for sale. The current owners explored the gold deposit extensively in 1990; activity will continue in 1991 but the budget will be about half of last year's. If the owners find a buyer or partner, development could begin in 1992 and the mine could be in operation in 1994. Potential exists for many additional jobs in the future, but 1991 will see fewer jobs at the site than in 1990. Increased sand and gravel operations to meet road construction needs should offset a decrease in hard rock mining employment and keep the industry on an even keel.

Shopping Choices Will Increase

Fairbanks' trade sector is forecast to add 250 jobs in 1991. The new Fred Meyer store, scheduled to open in late October or early November, will employ 400-500 people. Carr's Quality Centers anticipates hiring 200-250 employees when their new store opens in 1993. The retailers now planning for additional facilities in Fairbanks would not be doing so if they didn't believe a market existed to justify new stores. The Fairbanks population trend has been steadily upward for the last three years. The 1990 census showed there are 77,720 residents of the Fairbanks North Star Borough. A population increase creates additional demand for both trade and services, especially when coupled with an increase in income. Sears Roebuck & Company will hire an additional 70 employees when their new store opens in late 1991.

Military personnel and their families account for about 5,000 of the new residents in the last five years. The population is now 25% military (including dependents) compared to 20% in 1985. The military population should remain stable during this forecast's time frame, as neither Eielson Air Force Base nor Ft. Wainwright is slated for additional growth. However, the Fairbanks military bases have been mentioned as a possibility for a relocation of troops now stationed overseas.

A Growing Population and Tourism Industry Demand More Services

Another sector of the economy benefitting from a rise in population is services. This industry grew 4.2% in 1990 and is forecast to grow at a 3.2% rate in 1991. With more people comes a greater demand for health care, recreation, auto repair and social services. An expanding economy also creates more demand for business-related services.

Tourists and convention-goers also create demand for the above-named services in addition to lodging facilities. Hotel room receipts in Fairbanks were 18% higher for the first three quarters of 1990 compared to the same period in 1989. How successful the next year's tourism season will be is always an unanswered question. One large operator in Fairbanks expects 1991 to be the same or better than 1990, while another reports advance bookings running well ahead of last year.

Fairbanks hosts a considerable number of independent travelers, especially the "rubber-tire" crowd who drive up from the Lower 48. Initial fears of high gasoline prices putting a damper on the 1991 season were calmed by March. Indications are that gasoline prices will remain low enough to maintain an influx of travelers in their own vehicles.

New Arrivals Boost Real Estate

In addition to tourism traffic, 1991 should see an increase in one-way travelers arriving from the widespread economic recession in the Lower 48. Any new arrivals settling in Fairbanks will only help the real estate sector. Residential construction in Fairbanks is still virtually non-existent. The local real estate market continues to improve, with fewer units on the market at higher asking prices, but the improvements are slight and lenders are extremely cautious after the recent years of losses. At the same time, foreclosures (and the personnel needed to process them) are down. For these reasons the Fairbanks finance-insurance and real estate industry is forecast to sustain current employment for 1991 and grow a minimal amount in 1992.

Transportation Employment Travels Upward

Lufthansa's relocation of their cargo operations from Anchorage to Fairbanks in September 1990 was good news for the transportation sector. So was MarkAir's decision to locate their maintenance facilities in Fairbanks. These operations, along with increased activity of smaller operators, should help boost air transportation jobs in 1991. Trucking firms will benefit from oil projects on the North Slope, pipeline repairs and other construction activity. All of the above should make for an overall increase in transportation jobs in 1991.

Fairbanks' Largest Employer, Government, Will Shrink

Fairbanks large government sector should shrink somewhat in the next two years. On the federal side, an absence of census workers along with a stable civilian workforce on the military bases will contribute to a small decline. If the state's operating budget during the next two years becomes smaller, as anticipated, employment will also shrink. Local government should expand only because of an increase in education jobs necessitated by a constantly increasing school enrollment. Although the need is there the funding still is not guaranteed. Also, depending on revenue received from the state, even higher education employment could be offset by a decline in local government operations.

Summary: Continued but Slowing Growth for Fairbanks

The Fairbanks economy is forecast to grow at a fairly slow pace for the next two years—1.5% in 1991 and 2% in 1992. If projections hold true, Fairbanks' mining and manufacturing jobs will hold steady while construction contracts somewhat. Transportation employment, on an upward trend in 1990, should continue growing.

An increasing population—both military and civilian—has given the trade and services industries a boost. As a result, construction of one large new retail store is underway and another is planned. New arrivals from the Lower 48 should give an additional boost to trade and services, as well as help improve the real estate picture in Fairbanks.

The Fairbanks economy should add just 400 new jobs in 1991, and 550 in 1992. The growth forecast is fragile—it wouldn't take much to see employment losses instead of gains. Oil prices, the state's operating and capital budgets, and projects planned by the private sector all hold the potential for an uncertain future in Fairbanks and, indeed, the state.

Mixed Forecast for Diverse Southeast Economy

by Brian N. Rae

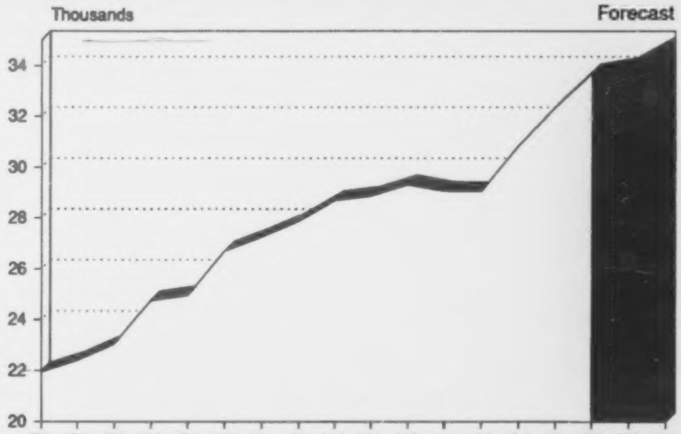
Brian Rae is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

To forecast the future, it helps to have a thorough understanding of the past. Over the last 15 years, almost every major industry and every community in Southeast has been through one or more boom/bust cycles. The diversity of the region's economy and the isolation of its various communities helps "average out" the strong and weak industries, keeping Southeast Alaska on a relatively stable path of economic growth.

Saying that Southeast employment has, on average, been relatively stable ignores the dramatic swings which have occurred in the different industries and regions of the area. While Juneau depends on government employment, cities like Petersburg rely on the fishing industry, Skagway on tourist related industries, and Thorne Bay on the timber industry. To get an idea of how each community will fare over the next two years, it helps to identify the major industries in a community and then look at their employment potential.

Figure • 1

Southeast Alaska Annual Average Nonagricultural Wage & Salary Employment 1975-1992



Source: Alaska Department of Labor, Research and Analysis Section.

Booms and Busts (And Maybe Just Holding Even) In the Goods-Producing Industries

Southeast supports four major goods producing industries: mining; construction; seafood processing; and timber. This employment forecast will start with the smallest industry first.

Mining is not the newest industry to the region, it is just the industry with the longest business cycle. Alaska's mining industry faced a downturn in the beginning of this century, and has just started to recover over the last few years. The technology, capitalization and construction of a large scale mining venture takes several years between conception and production.

Several mining projects are currently being studied. It is likely that some of these will become producing mines before the end of this century. In the Juneau area, the Kensington mine seems first in line for development. Construction is currently underway at the site, along with continued exploration and design work. The Jualin and the Alaska-Juneau mines are the other two mines most likely to see development in the Juneau

Table • 1

Southeast Alaska Nonagricultural Wage & Salary Employment Forecast 1991-1992

	1989 Annual Average	1990 Annual Average	Percent Change 89-90	1991 Annual Average	Percent Change 90-91	1992 Annual Average	Percent Change 91-92
Total Nonag. Wage & Salary	32,350	33,700	4.2%	33,950	0.7%	34,750	2.4%
Goods-producing	6,550	6,500	-0.8	6,450	-0.8	6,775	5.0
Mining	300	350	16.7	375	7.1	425	13.3
Construction	1,100	1,150	4.5	1,325	15.2	1,550	17.0
Manufacturing	5,150	5,050	-1.9	4,750	-5.9	4,800	1.1
Seafood	1,350	1,350	0.0	1,350	0.0	1,350	0.0
Lumber & Wood	2,550	2,550	0.0	2,225	-12.7	2,250	1.1
Service-producing	25,850	27,200	5.2	27,525	1.2	27,950	1.5
Transportation	2,450	2,650	8.2	2,750	3.8	2,850	3.6
Trade	5,200	5,400	3.8	5,525	2.3	5,625	1.8
Wholesale	550	600	9.1	575	-4.2	550	-4.3
Retail	4,650	4,850	4.3	5,000	3.1	5,075	1.5
Finance-Ins. & Real Estate	1,050	1,050	0.0	1,050	0.0	1,050	0.0
Services & Misc.	5,150	5,650	9.7	5,850	3.5	6,100	4.3
Government	12,000	12,400	3.3	12,350	-0.4	12,325	-0.2
Federal	2,050	2,150	4.9	2,200	2.3	2,225	1.1
State	5,450	5,550	1.8	5,425	-2.3	5,300	-2.3
Local	4,500	4,650	3.3	4,725	1.6	4,825	2.1

Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis Section.

area. These projects could be joined by several other promising deposits in southern Southeast; but none of these will see much development within the next two years.

Direct mining employment gains during this forecast period will be fairly small. (See Table 1.) Most mining jobs will occur in the exploration for new deposits and the management of current mine development and construction. Small gains in mining employment, however, does not mean there will not be a larger employment impact from mine development. Industries such as transportation, construction, services and trade will all be affected by mine development.

World Markets Take a Regional Toll

The industry with the most lackluster performance in Southeast during the next two years will be timber. For the past several years, the industry has operated under the cloud of unknown legislation called the Tongass Timber Reform Act. Legislative and regulatory uncertainty did not keep the industry from prospering during the good markets of the late 1980s; although the threat of significant changes in the management of the forest probably influenced some business decisions. During 1990, the act finally took shape, but another more immediate problem came to light.

Markets for Alaskan timber products were weakening on several different fronts. The Japanese market absorbed all of the top quality timber it could find; and Alaskan producers were able to supply some of the most cherished woods. "Westernization" of many younger Japanese consumers, changing construction techniques and competing sources of quality timber have all forced demand for Alaskan timber products downward.

Changes around the world and in the Lower 48 are also affecting demand for other Alaska wood products. An old material made a dramatic comeback several years ago. Rayon, a product made from the dissolving pulp produced by the mills in Sitka and Ketchikan, won newfound popularity in the textile industry as well as in industrial applications. This increased demand helped boost prices during the late 1980s.

Markets for Southeast pulp extended to communist bloc countries, India, Pakistan and the Far East. Changes in the economic makeup of many of these countries, their emphasis on decreasing dependency on imported products, shortages of hard currency, and other factors have combined to wreak havoc in the market. Demand for rayon is outpacing production. Prices for the finished product are at an all time high. Prices for dissolving pulp, however, have weakened over the last several months.

Neither mill has much leeway in the rate at which it produces dissolving pulp. For that reason, inventory must act as a short term buffer of market forces. If inventory becomes too great, a mill may be forced into a temporary shutdown. Such was the case in November of last year, when the Sitka mill shut down for several weeks. Industry analysts forecast a turnaround in the price of dissolving pulp, probably during the third or fourth quarter of 1991.

Tongass Timber Reform Act requirements will affect the industry during 1991 and 1992. There are currently concerns about the allowable harvest limits and how they will be distributed between the two long-term contract holders and other companies. In addition, disputes continue over the harvesting of previously allocated tracts. It will probably be the end of 1991 before the Forest Service can implement a new forest management plan consistent with the Tongass Timber Reform Act. By 1992, some new sale areas should be available to harvest, and employment should turn around.

New Products, Processes Might Boost Seafood Employment

Seafood processing employment should remain flat over the forecast period. This does not represent a weakness in the industry, but rather reflects some basic economic realities. Employment in the industry has been very high the last couple of years. There appears to be little room for employment growth during the peak summer seasons. Employers often have a hard time filling processing positions, recruiting from outside Alaska in many instances. There are processing plants in most areas which have fisheries large enough to support such ventures. (There are some exceptions to this. In some areas where hatchery programs have been successful, there might be large enough returns to warrant building a processing facility.)

Much of the employment increase in seafood processing has occurred during the off-season months, with new products keeping facilities open longer and providing jobs. The increased activity in bottomfishing over the last several years has helped push annual average employment levels upward. Some new fisheries might also boost employment if current problems can be corrected.

Two such fisheries are for sea urchin (uni) and sea cucumber. Both of these products are seen as delicacies in Japan, the primary market for uni and cucumber producers. As such, the products must be carefully harvested, prepared and packaged, making these fisheries labor intensive operations.

Several smaller processors have attempted to break into this market, with mixed results. Several problems have yet to be worked out in these new fisheries. Maximum sustainable harvest limits are still an unknown, so resource managers are being conservative in allocating harvest quotas. Processing is very labor intensive at this time, increasing the cost and/or decreasing the profit of the processor. Finally, packaging and delivering the product in a manner acceptable to Japanese buyers have presented problems to the processors. Many of the first shipments were rejected because of improper handling. These first ventures do, however, hold promise for diversifying the seafood processing industry in the future, and increasing year-round employment.

Construction Enjoys Tight Housing Market, Mining Developments

The final major goods-producing industry in Southeast is construction; its outlook is the brightest of all. Mining's future projects are the construction projects of today. Developments at the Kensington mine should boost employment significantly over the forecast period. At peak development, the mine is expected to employ 500 construction workers. Although this peak will probably not occur within the forecast period, increased activities will be seen in both 1991 and 1992.

The tightening housing market of the last several years should finally be reflected in increased residential construction. Plans for housing developments exist in several Southeast communities. Individual residential construction should also rise in comparison to the last several years. Finally, employment related to capital project construction in 1991 should be slightly higher than 1990 levels.

The scale of most publicly funded projects in Southeast is small; but there appear to be more of them than in past years. Most every community seems to have some road, electrical, water or sewer project in the works for 1991. Larger scale projects like reservoirs and schools are on line in some communities, and should extend into 1992. Getting a handle on 1992 public construction projects is difficult; but any declines should be offset by increased employment occurring with mine development in the region.

Service-Producing Industries

The service-producing industries led employment growth in 1990. This trend will probably continue into 1991. Growth will be much less than in 1990, but there are some good reasons for this. Cumulative gains in the service-producing industries will more than offset declines in some goods-producing industries.

The services industry employment will show the largest increase in 1991, up by 200 compared to 1990's level. When compared to the employment jump between 1989 and 1990, gains in 1991 seem slightly lethargic. One event in 1990, the filming of *White Fang*, will probably not reoccur during the forecast period.

Service Employment Continues Growth (Even Without *White Fang*)

It seems unlikely that a Southeast community will serve as the film location for a major motion picture in the next two years. Last year's services employment figures were inflated by the filming of *White Fang* in Haines. Although the 400+ temporary employees showed up in the 1990 employment numbers, most earned very little money. Businesses will certainly miss the extra money the movie brought to Haines. The amount of payroll circulating through the community because of *White Fang* was, however, actually quite small. For that reason, the loss of these jobs will have much less of an impact than would a similarly sized loss of full-time, permanent jobs.

Much of the increase in services will be associated with increased tourism; mainly caused by the rebooking of some cruiseships from the Mediterranean to Alaska. Whether these ships return to Alaska in 1992 is uncertain; but at this time it seems unlikely that they will return. When the employment blip caused by *White Fang* is removed from the 1990 employment figures, this diverse industry shows strong but diminishing growth through the two years of the forecast. For 1991, approximately 300 new jobs (with the exclusion of *White Fang* employment last year) will be created. While for 1992 an additional 250 jobs will be added to the services industry.

Government Employment Dropping Slightly

The other industry with an employment disruption is government. Last year's census employment boosted Southeast's federal government employment higher than would normally be expected. The two years of the forecast should see federal government continue to grow, but at a less rapid pace than in 1990. While federal employment has been trending upward over the past several years, much of the increase during the forecast period will be in employment related to evaluating and implementing the Tongass Timber Reform Act.

State government employment is expected to decline during the forecast period. Attrition, relocation and program cuts will all be factor in this decline. Increasing populations and the transferring of responsibilities to provide more services to residents should boost local employment figures. Higher school enrollments are already forcing districts to remodel or build new facilities; personnel will have to be hired to staff these facilities.

Transportation, Trade Continue to Grow

The transportation, communications and utilities industry (TCU) has been growing strong over the past several years. Last year, TCU's more than 8% rate of growth far outpaced the robust growth of the overall economy. This industry serves many different types of clients, and is affected by many different factors. A declining timber industry will hurt some companies; but increasing populations, tour ship visits, and utility projects will help others. For 1991, declines in the goods producing sector will pull down last year's high growth rates. While the industry cannot hope to continue at the 1990 pace, there seem to be more than enough projects still on-line to keep the industry growing throughout the two years of the forecast period. At the end of two years, TCU should register one of the largest gains of all service industries.

Trade has also been a solid performer over the last two years, with the wholesale side growing at a 9.1% growth rate. The industry has taken advantage of both a stronger Southeast economy and new markets to increase its employment. Weakness in some areas, particularly in those communities dependent to a large degree on the timber industry, will negatively affect some players in this industry. Such declines will be felt on both the retail and the wholesale side of the industry. Still, like many of the other service-producing industries, certain segments will be helped by increased tourism, new mine and construction developments, and increased populations in some areas. Overall, trade should stay ahead of the economy and perform better than the average of the service-producing industries in terms of employment growth.

FIRE Flat During Next Two Years

Southeast's finance-insurance and real estate firms should expect flat employment over the next two years. Although not hit as hard as many other regions of the state, the region's firms still felt the effect of the crash in real estate prices and state revenues. Southeast firms were not immune to consolidations and mergers. Although no Southeast based banks were taken over by the FDIC, many branches of such banks were located in the region. After having gone through such turbulent times, the financial side of the industry seems to have stabilized its employment. It is expected that there will be little change in these levels over the next two years.

Wild cards in the FIRE employment projections are the Native corporations, which will be affected in two different ways over the next two years. Many of the village corporations have put a lot of their efforts into managing their timber during the last several years. Now, many of these corporations have nearly reached the end of their marketable timber. (This is particularly true considering the current weakness in the timber market, making marginal stands less viable for harvest.) These corporations may soon be looking for new ventures, potentially changing the numbers and types of people employed by the corporations. Additionally, 1992 marks the end of several tax advantages given to the corporations under ANCSA legislation of 1971. How the corporations will respond to this regulatory change is as yet unknown.

Summary: Two Years of Growth, But Not Everywhere Equal

The diversity that makes the Southeast economy one of the state's most consistent performers also makes it one of the most difficult to easily characterize. For parts of Southeast, and for certain employers in a particular community, the next two years should be prosperous ones. In other areas and for other employers, the next two years might be the most difficult they have faced in several years. Fortunately, the interrelationships between Southeast's many communities will help, at least to some degree, average out these good and bad times to come.

Economy Begins Seasonal Climb in February

by Holly Stinson

In February Alaska's economy began its seasonal employment climb from January's mid-winter low. Alaska added 5,200 jobs, making 1991's February employment 2.9% higher than 1990's. (See Table 1.) Only two industries experienced over-the-month job losses: construction lost 100 jobs statewide while retail and wholesale trade businesses continued post-holiday layoffs.

The unemployment rate remained unchanged from January's 8.8%. (See Table 4.) While this is a slightly higher rate than a year ago, it is historically a relatively low rate for Alaska in February. Typical unemployment rates at this time of year are above 10%. (See Figure 1.) As spring approaches and the recession continues in many parts of the nation, Alaska will become even more attractive to job seekers from outside the state. The result could be that Alaska's unemployment rate remains high even as employment opportunities expand.

Table • 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

				Changes from:	
	p/ 2/91	r/ 1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	227,100	221,900	220,600	5,200	6,500
Goods-producing	32,700	30,700	30,800	2,000	1,900
Mining	11,000	10,800	10,300	200	700
Construction	7,900	8,000	7,400	-100	500
Manufacturing	13,800	11,900	13,100	1,900	700
Durable Goods	2,800	2,300	2,600	500	200
Lumber & Wood Products	2,100	1,600	1,900	500	200
Nondurable Goods	11,000	9,600	10,500	1,400	500
Seafood Processing	7,300	5,800	6,900	1,500	400
Pulp Mills	900	900	900	0	0
Service-producing	194,400	191,200	189,800	3,200	4,600
Transportation	19,400	19,300	18,400	100	1,000
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	1,200	1,100	1,100	100	100
Air Transportation	6,200	6,200	6,000	0	200
Communications	3,400	3,400	3,200	0	200
Trade	43,700	44,000	42,500	-300	1,200
Wholesale Trade	7,800	7,900	7,600	-100	200
Retail Trade	35,900	36,100	34,900	-200	1,000
Gen. Merch. & Apparel	5,600	5,900	5,300	-300	300
Food Stores	6,300	6,400	6,200	-100	100
Eating & Drinking Places	12,000	11,900	12,000	100	0
Finance-Ins. & Real Estate	10,300	10,200	10,000	100	300
Services & Misc.	49,500	48,900	47,900	600	1,600
Hotels & Lodging Places	4,500	4,500	4,400	0	100
Government	71,500	68,800	71,000	2,700	500
Federal	17,800	17,800	18,200	0	-400
State	21,800	20,000	21,600	1,800	200
Local	31,900	31,000	31,200	900	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Oil Industry Continues Strong Growth In Northern Region

The Northern region led the state with the highest employment growth rate in February. (See Figure 2.) Mining, which accounts for over one-third of wage and salary employment in the area, was responsible for most of the over-the-year growth. Within this industry, the oil and gas sector continues to show strong growth on the North Slope.

ARCO began work on GHX-2, a new gas-handling facility, just after completing GHX-1. ARCO also approved development of the Point McIntyre field west of Prudhoe Bay. Once the other two partners (Exxon and BP) approve, production could begin by late 1992 through existing facilities at the Lisburne field. In addition to this new field, the major operators on the North Slope plan new drill sites, reworking of others, and expanded infrastructure at existing fields in 1991.

New Mining, Retail Ventures In Store For Fairbanks

Neighbors to the south of the North Slope received some unusual news from the mining industry in February. One mining firm, Tri-Valley, announced they will trade stock in their company to a Soviet research institute in return for exploration rights on their property southeast of Fairbanks. The Soviets plan to put new exploration technology to use with an aerial survey this spring.

For now, though, employment in the mining and other goods-producing industries in Fairbanks remained flat or lost ground. All of February's over-the-year employment gains were on the service-producing side.

Retail trade employment showed over-the-year gains in Fairbanks, in spite of 100+ jobs lost last February when the clothing retailer Nordstrom closed. (See Table 2.) One large retailer, Sears Roebuck, announced plans to open a new full-service store in Fairbanks by November. They will renovate an existing building located less than a mile from the new Fred Meyer retail store which also plans to open by November. Sears is counting on attracting customers from rural villages in the Interior in addition to the increasing civilian and military population in the Fairbanks area.

In other industries, transportation and services jobs also increased above last February's levels. State and local government employment was on the rise because of a higher number of education jobs, while the loss of census workers contributed to the decline in federal government employment.

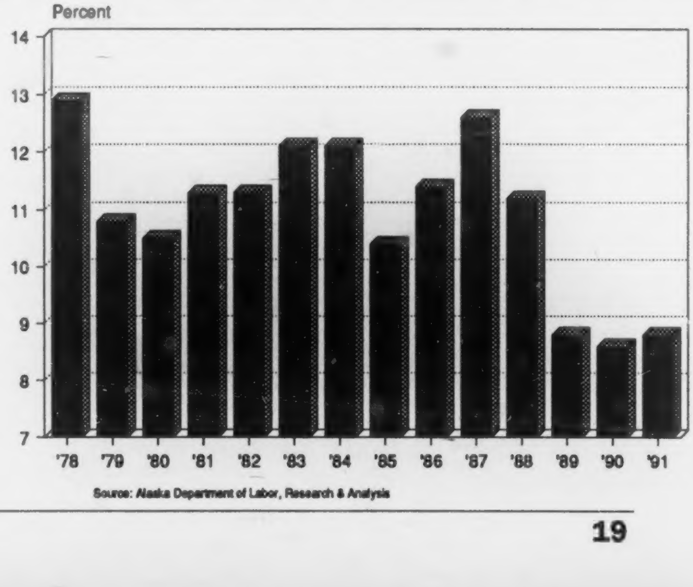
A Turning Point for Anchorage's Commercial Real Estate Market

Except for an over-the-year decline in federal employment, all industries in Anchorage had more jobs this February than last. (See Table 2.) The Anchorage economy continues adding jobs at growth rates of more than 3%. Even Anchorage's long-dormant commercial real estate market is showing signs of life. The residential real estate market is recovering much faster than the commercial side, with most commercial activity in the renovation of existing facilities. Anchorage's commercial side marked a turning point, however, in February when the Alaska Railroad solicited bids for a new building to house their administrative offices. This will be the first large new office

(continued on page 22)

Figure • 1

Alaska's Unemployment Rates for February, 1978-1991



Source: Alaska Department of Labor, Research & Analysis

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

				Changes from:	
	p/ 2/91	r/ 1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	109,450	107,700	105,900	1,750	3,550
Goods-producing	10,400	10,250	9,850	150	550
Mining	4,000	3,900	3,850	100	150
Construction	4,450	4,350	4,100	100	350
Manufacturing	1,950	2,000	1,900	-50	50
Service-producing	99,050	97,450	96,050	1,600	3,000
Transportation	10,800	10,550	10,200	250	600
Trucking & Warehousing	1,350	1,400	1,400	-50	-50
Water Transportation	300	300	250	0	50
Air Transportation	4,000	3,900	3,900	100	100
Communications	2,050	2,000	1,850	50	200
Trade	25,300	25,450	24,800	-150	500
Wholesale Trade	5,800	5,750	5,600	50	200
Retail Trade	19,500	19,700	19,200	-200	300
Gen. Merch. & Apparel	2,850	3,000	2,850	-150	0
Food Stores	3,100	3,150	3,050	-50	50
Eating & Drinking Places	7,500	7,350	7,350	150	150
Finance-Ins. & Real Estate	6,500	6,450	6,450	50	50
Services & Misc.	29,150	28,700	27,700	450	1,450
Hotels & Lodging Places	2,400	2,400	2,300	0	100
Government	27,300	26,300	26,900	1,000	400
Federal	10,400	10,350	10,500	50	-100
State	8,200	7,450	7,750	750	450
Local	8,700	8,500	8,650	200	50

Fairbanks North Star Borough

				Changes from:	
	p/ 2/91	r/ 1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	25,850	25,650	25,400	200	450
Goods-producing	1,550	1,700	1,700	-150	-150
Mining	100	100	100	0	0
Construction	950	1,100	1,100	-150	-150
Manufacturing	500	500	500	0	0
Service-producing	24,300	23,950	23,700	350	600
Transportation	1,850	1,850	1,700	0	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	450	450	400	0	50
Communications	300	300	300	0	0
Trade	5,400	5,550	5,300	-150	100
Wholesale Trade	700	750	750	-50	-50
Retail Trade	4,700	4,800	4,550	-100	150
Gen. Merch. & Apparel	550	550	500	0	50
Food Stores	750	750	750	0	0
Eating & Drinking Places	1,700	1,700	1,600	0	100
Finance-Ins. & Real Estate	750	750	800	0	-50
Services & Misc.	6,100	6,050	5,850	50	250
Government	10,200	9,750	10,050	450	150
Federal	2,950	2,950	3,050	0	-100
State	4,350	3,900	4,250	450	100
Local	2,900	2,900	2,750	0	150

Anchorage-MatSu Region

				Changes from:	
	p/ 2/91	r/ 1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	116,650	114,900	112,700	1,750	3,950
Goods-producing	10,850	10,800	10,150	50	700
Mining	4,100	4,000	3,850	100	250
Construction	4,700	4,700	4,300	0	400
Manufacturing	2,050	2,100	2,000	-50	50
Service-producing	105,800	104,100	102,550	1,700	3,250
Transportation	11,450	11,250	10,900	200	550
Trade	27,100	27,200	26,450	-100	650
Finance-Ins. & Real Estate	6,950	6,950	6,850	0	100
Services & Misc.	30,450	30,050	28,950	400	1,500
Government	29,850	28,650	29,400	1,200	450
Federal	10,450	10,400	10,650	50	-200
State	9,000	8,150	8,550	850	450
Local	10,400	10,100	10,200	300	200

Interior Region

				Changes from:	
	p/ 2/91	r/ 1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	29,450	29,050	28,900	400	550
Goods-producing	1,750	1,850	1,850	-100	-100
Mining	250	200	250	50	0
Construction	950	1,100	1,100	-150	-150
Manufacturing	550	550	500	0	50
Service-producing	27,700	27,200	27,050	500	650
Transportation	2,050	2,050	1,850	0	200
Trade	5,750	5,900	5,600	-150	150
Finance-Ins. & Real Estate	850	800	850	50	0
Services	6,600	6,500	6,300	100	300
Government	12,450	11,950	12,450	500	0
Federal	3,500	3,500	3,650	0	-150
State	4,600	4,100	4,550	500	50
Local	4,350	4,350	4,250	0	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	2/91	1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	30,550	29,950	30,150	600	400
Goods-producing	4,750	4,400	4,500	350	250
Mining	350	350	300	0	50
Construction	850	800	800	50	50
Manufacturing	3,550	3,250	3,400	300	150
Durable Goods	1,800	1,450	1,700	350	100
Lumber & Wood Products	1,750	1,400	1,600	350	150
Nondurable Goods	1,750	1,800	1,700	-50	50
Seafood Processing	650	650	650	0	0
Pulp Mills	900	900	850	0	50
Service-producing	25,800	25,550	25,650	250	150
Transportation	2,300	2,250	2,250	50	50
Trade	4,950	5,000	4,900	-50	50
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,400	4,450	4,300	-50	100
Finance-Ins. & Real Estate	1,050	1,050	1,000	0	50
Services & Misc.	5,050	5,000	5,100	50	-50
Government	12,450	12,250	12,400	200	50
Federal	2,000	2,050	1,900	-50	100
State	5,550	5,450	5,750	100	-200
Local	4,900	4,750	4,750	150	150

Gulf Coast Region

	p/	r/		Changes from:	
	2/91	1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	21,200	20,300	21,050	900	150
Goods-producing	5,050	4,500	4,900	550	150
Mining	1,100	1,100	1,100	0	0
Construction	750	750	750	0	0
Manufacturing	3,200	2,650	3,050	550	150
Seafood Processing	2,200	1,750	2,150	450	50
Service-producing	16,150	15,800	16,150	350	0
Transportation	1,850	1,750	1,750	100	100
Trade	3,550	3,550	3,500	0	50
Wholesale Trade	400	400	450	0	-50
Retail Trade	3,150	3,150	3,050	0	100
Finance-Ins. & Real Estate	600	600	550	0	50
Services & Misc.	4,250	4,200	4,050	50	200
Government	5,900	5,700	6,300	200	-400
Federal	450	450	500	0	-50
State	1,800	1,650	2,000	150	-200
Local	3,650	3,600	3,800	50	-150

Northern Region

	p/	r/		Changes from:	
	2/91	1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	13,850	13,500	13,200	350	650
Goods-producing	5,650	5,450	5,100	200	550
Mining	5,250	5,150	4,700	100	550
Service-producing	8,200	8,050	8,100	150	100
Government	4,350	4,300	4,400	50	-50
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,750	3,700	3,750	50	0

Southwest Region

	p/	r/		Changes from:	
	2/91	1/91	2/90	1/91	2/90
Total Nonag. Wage & Salary	15,250	13,850	14,650	1,400	600
Goods-producing	4,600	3,550	4,250	1,050	350
Seafood Processing	4,350	3,300	4,000	1,050	350
Service-producing	10,650	10,300	10,400	350	250
Government	6,350	6,050	6,250	300	100
Federal	1,250	1,200	1,250	50	0
State	550	500	550	50	0
Local	4,550	4,350	4,450	200	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

building erected in Anchorage in at least five years.

Transportation Sector Continued Shakeup In Anchorage

Anchorage's international airport continued to feel the effects of the conflict in the Persian Gulf. Flights canceled by British Airways will not resume until April. Other international flights are canceling because of the option of flying a Soviet route and the use of more fuel-efficient aircraft.

Japan Air Lines (JAL) joined the ranks of international carriers deleting their stopover in Anchorage. This will not happen until November, but the news was another blow to the Duty Free Shop whose customers are the international passengers. The shop's revenue has in the past supplied 30% of the airport's operating budget. Compared to two years ago, international stopovers are down almost two-thirds and revenue at Duty Free is about half what it was in 1989. The JAL decision will cut even deeper into the shop's revenue. Duty Free's operators announced in February that employee layoffs and shortened hours are on the horizon. They will reduce their workforce by 40 in April.

The cards are still being shuffled in Anchorage's transportation deck, and also in other regions. MarkAir will lose its monopoly on the Anchorage-Barrow route when Era Aviation begins service in April. MarkAir continued expansion plans, with new routes in Southwest Alaska between Dutch Harbor and smaller towns.

Southwest Enjoys Strong Seafood Processing Growth

The lifeblood of the Southwest economy is the fishing industry – at this time of year, the bottomfishing industry. Processing bairdi and opilio crab also kept processors busy in February. Three-quarters of the jobs added since January are in seafood processing, which is enjoying an over-the-year growth rate of 8.8%.

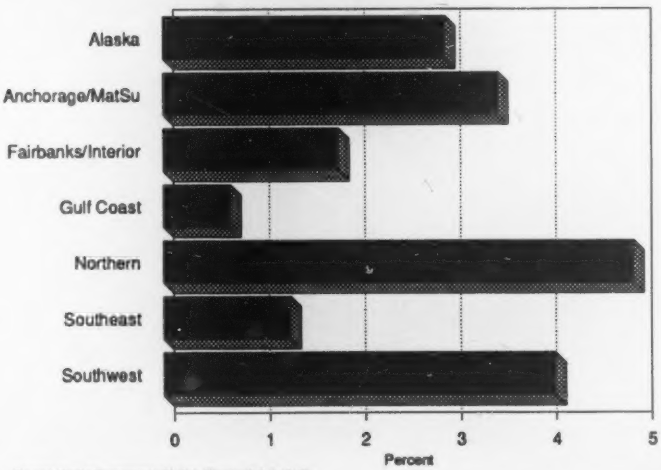
Change In The Air For Gulf Coast's Seafood, Timber Industries

The Gulf Coast region added seafood processing jobs in February, but over-the-year growth was not as strong as in Southwest. Oceantrawl, a firm which once had plans to homeport its factory trawlers in Homer, laid out plans for a new seafood processing plant there. The $14.6 million plant would process the surimi produced on their trawlers into artificial crab sticks, thus accomplishing that elusive goal of making more value-added products within the state.

There was mixed news about Gulf Coast's fledgling wood products industry. The new sawmill in Seward made its first shipment of lumber in February to Japan and Korea. Shortly after, its parent company, the Chugach Alaska Native regional corporation, filed Chapter 11 bankruptcy, putting a question mark on the future of the sawmill. Sources for timber in the region are also in question. The legislature is considering a buyout of timber rights in an area near Kachemak Bay State Park across from Homer, and the oil spill settlement with Exxon may result in a buyout of some timber rights in Prince William Sound.

Figure • 2

Employment Growth Rates February 1990 – February 1991



Source: Alaska Department of Labor, Research & Analysis

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 2/91	r/ 1/91	2/90	p/ 2/91	r/ 1/91	2/90	p/ 2/91	r/ 1/91	2/90
Mining	$1,187.58	$1,225.30	$1,062.32	50.3	50.8	49.0	$23.61	$24.12	$21.68
Construction	974.53	963.05	1025.91	41.7	42.5	43.6	23.37	22.66	23.53
Manufacturing	524.39	478.68	499.80	48.6	42.1	42.0	10.79	11.37	11.90
Seafood Processing	471.87	389.71	396.00	58.4	47.7	46.1	8.08	8.17	8.59
Trans., Comm. & Utilities	565.42	577.93	597.80	34.0	33.1	35.0	16.63	17.46	17.08
Trade	352.32	350.12	347.28	32.0	31.8	31.6	11.01	11.01	10.99
Wholesale	599.90	567.84	571.35	40.1	39.0	39.0	14.96	14.56	14.65
Retail	301.26	304.82	299.70	30.4	30.3	30.0	9.91	10.06	9.99
Finance-Ins. & R.E	392.36	391.07	424.18	34.0	33.8	36.1	11.54	11.57	11.75

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Southeast Still In Hibernation

The wood products industry in Southeast began gearing up for another spring season, adding 450 jobs since January. However, the region's other two seasonal industries—fishing and tourism—remained in hibernation. Still, all industries made small over-the-month employment increases except trade, which continued winding down from the holiday apex.

Summary: All Regions Begin Seasonal Employment Climb

Alaska's economy showed signs of its usual upward swing from a mid-winter low, but some regions enjoyed stronger growth than others. In spite of job gains, Alaska's unemployment rate remained at January's level of 8.8%.

New projects on the North Slope boosted the Northern region's employment in February. Fairbanks showed over-the-year growth in their retail, transportation and services sectors. The retail industry will have another major player in Fairbanks soon. Sears Roebuck's announced plans to open a large full-service store by November.

Anchorage continues to grow at annual rates of more than 3%. A new building to house the Alaska Railroad's administrative offices marks a turning point in Anchorage's commercial real estate market. On the down side, Japan Air Lines announced they are following other international carriers in deleting their Anchorage stopover.

Both the Gulf Coast and Southwest regions gained seafood processing jobs in February, with the latter region showing the strongest over-the-year growth in this industry of 8.8%. Seafood processing in Southeast remained in hibernation along with those industries affected by tourism, but the wood products industry began gearing up in February. As a whole, Alaska's economy is showing signs of a good start on another good year.

Table • 4

Labor Force By Region and Census Area

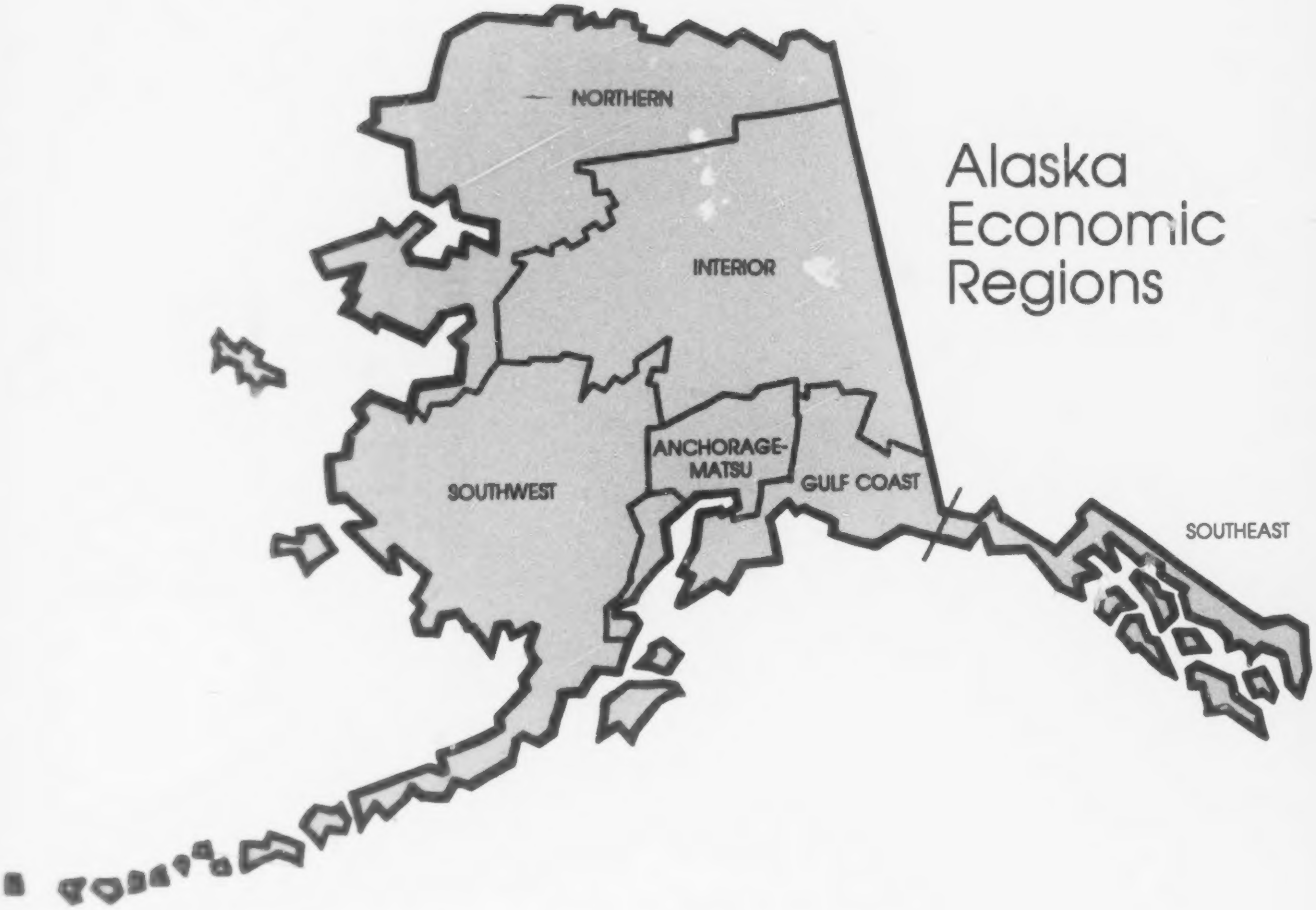
	Labor Force			Unemployment			Rate			Employment		
	p/ 2/91	r/ 1/91	2/90	p/ 2/91	r/ 1/91	2/90	p/ 2/91	r/ 1/91	2/90	p/ 2/91	r/ 1/91	2/90
Alaska Statewide	250,117	250,761	252,041	21,974	22,036	21,769	8.8%	8.8%	8.6%	228,143	228,725	230,272
Anch.-MatSu Region	132,262	133,588	132,006	9,498	9,497	9,125	7.2	7.1	6.9	122,764	124,091	122,881
Municipality of Anchorage	116,428	117,385	116,550	7,215	7,236	6,748	6.2	6.2	5.8	109,213	110,149	109,802
MatSu Borough	15,834	16,203	15,456	2,283	2,261	2,377	14.4	14.0	15.4	13,551	13,942	13,079
Gulf Coast Region	27,811	27,318	28,851	3,466	3,482	3,892	12.5	12.7	13.5	24,345	23,836	24,959
Kenai Peninsula Borough	17,505	17,212	17,946	2,588	2,607	2,653	14.8	15.1	14.8	14,917	14,605	15,293
Kodiak Island Borough	5,987	5,856	6,326	303	291	499	5.1	5.0	7.9	5,684	5,565	5,827
Valdez-Cordova	4,319	4,250	4,579	575	584	740	13.3	13.7	16.2	3,744	3,666	3,839
Interior Region	34,661	34,856	34,974	4,182	4,009	3,888	12.1	11.5	11.1	30,479	30,847	31,086
Fairbanks North Star Bor.	29,842	29,970	30,027	3,415	3,223	3,073	11.4	10.8	10.2	26,427	26,747	26,954
Southeast Fairbanks	2,027	2,058	2,089	338	349	367	16.7	17.0	17.6	1,689	1,709	1,722
Yukon-Koyukuk	2,792	2,828	2,858	429	437	448	15.4	15.5	15.7	2,363	2,391	2,410
Northern Region	8,017	7,989	8,074	690	639	692	8.6	8.0	8.6	7,327	7,350	7,382
Nome	2,976	2,972	3,013	295	283	313	9.9	9.5	10.4	2,681	2,689	2,700
North Slope Borough	2,899	2,917	2,908	128	137	116	4.4	4.7	4.0	2,771	2,780	2,792
Northwest Arctic Borough	2,142	2,100	2,153	267	219	263	12.5	10.4	12.2	1,875	1,881	1,890
Southeast Region	34,193	34,560	35,008	3,435	3,696	3,555	10.0	10.7	10.2	30,758	30,864	31,453
Haines Borough	838	854	842	107	120	94	12.8	14.1	11.2	731	734	748
Juneau Borough	14,892	14,938	15,129	981	981	906	6.6	6.6	6.0	13,911	13,957	14,223
Ketchikan Gateway Bor.	6,516	6,639	6,700	816	919	871	12.5	13.8	13.0	5,700	5,720	5,829
Pr. of Wales-Outer Ketch.	2,643	2,779	2,777	375	503	457	14.2	18.1	16.5	2,268	2,276	2,320
Sitka Borough	3,928	3,951	4,006	305	315	301	7.8	8.0	7.5	3,623	3,636	3,705
Skagway-Yakutat-Angoon	1,795	1,782	1,852	379	361	404	21.1	20.3	21.8	1,416	1,421	1,448
Wrangell-Petersburg	3,581	3,617	3,702	472	497	522	13.2	13.7	14.1	3,109	3,120	3,180
Southwest Region	13,173	12,450	13,128	703	713	617	5.3	5.7	4.7	12,470	11,737	12,511
Aleutians East Borough	919	864	926	6	5	10	0.7	0.6	1.1	913	859	916
Aleutians West	2,580	2,430	2,599	23	23	33	0.9	0.9	1.3	2,557	2,407	2,566
Bethel	5,075	4,824	4,980	348	375	238	6.9	7.8	4.8	4,727	4,449	4,742
Bristol Bay Borough	524	500	516	42	46	32	8.0	9.2	6.2	482	454	484
Dillingham	2,390	2,240	2,437	132	115	171	5.5	5.1	7.0	2,258	2,125	2,266
Wade Hampton	1,685	1,592	1,670	152	149	133	9.0	9.4	8.0	1,533	1,443	1,537

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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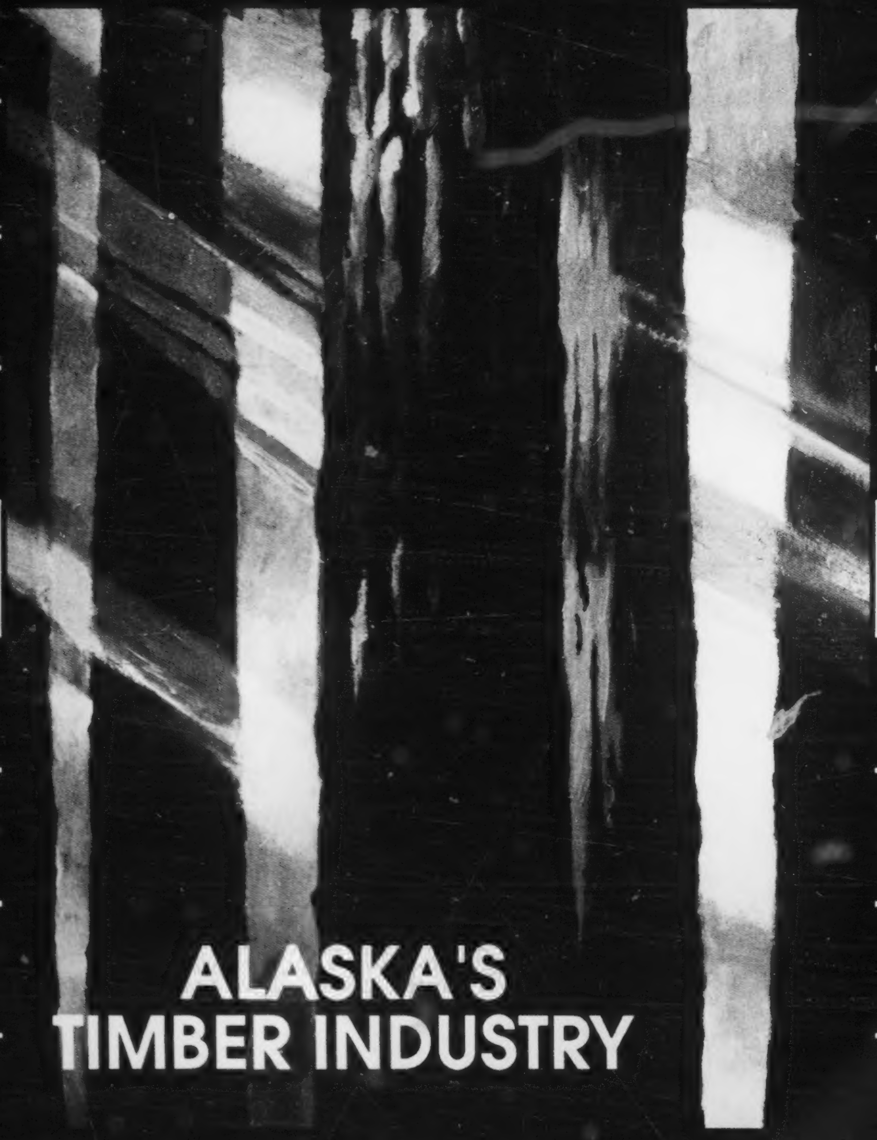

ALASKA'S TIMBER INDUSTRY

June 1991

ALASKA'S TIMBER INDUSTRY FACES AN UNCERTAIN FUTURE

TIMBER'S NEWEST PLAYER — SOUTHCENTRAL ALASKA

ALASKA LOGGERS FACE HIGH RISK OF INJURY

1990 CENSUS DATA AVAILABLE

INDUSTRIES SHOWED GAIN IN MARCH

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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June 1991
Volume 11
Number 6

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Employment Service

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maintaining the foundation of economic security

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Cover design by Jim Fowler

MADE IN ALASKA

Alaska's Timber Industry Faces An Uncertain Future

by Brian N. Rae

Two years ago, times were good for Alaska's loggers. Jobs were plentiful, and wages for an experienced logger were as high as they had ever been. The number of logging jobs had grown by more than 80% from 1984 to 1989. (See Figure 1 and Table 1.) The demand for loggers was so high that employers went out of their way to keep them around.

Employers were not hurting either. Prices for their products financed expansion and kept their operations profitable. The market allowed harvest and production levels to nearly double from 1984 to 1989. From 1985 to 1989 the value of production more than tripled. (See Table 2.)

The rapid expansion of the industry points out one thing—the Alaskan timber industry is volatile. As quickly and as easily as the market went up, it could come back down. The forces which buoyed the markets in the late 1980s were beyond the control of any of the players in Southeast. These companies did nothing to cause the bull market, and will have little ability to influence a bear market.

Any assessment of the future health of Alaska's timber industry is linked to the timber market, especially the international market. The courts have yet to decide on several lawsuits affecting the industry, while the U.S. Forest Service must decide the meaning of recent regulatory changes. The supply of raw materials, and the market for finished products are the critical factors which affect the future of the industry. Most recent changes affect either the supply of or the demand for Alaska's timber products. For example, legislated land management changes decreased the supply of timber, while a more valuable U.S. dollar would decrease demand for Alaska's products. This article will try to analyze the more important factors affecting the timber industry.

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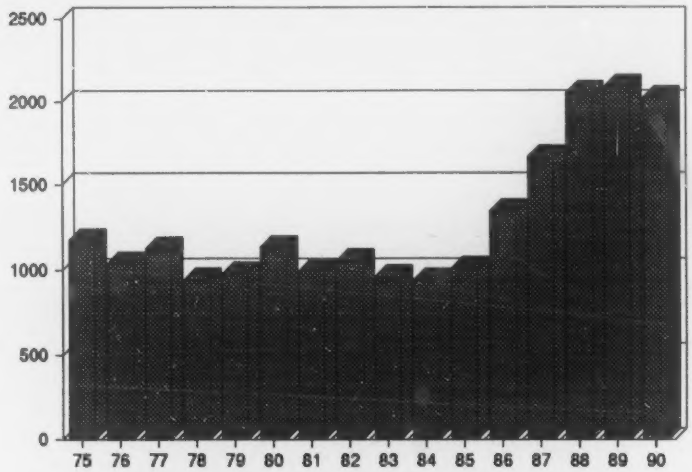
Alaska's Timber Supply Dwindles

Alaska's timber resources are both publically-owned and privately-owned. The U.S. Forest Service manages a large percentage of the marketable timber in the state. Most of the timber is in the Tongass National Forest in Southeast Alaska. While some harvestable timber exists on other federal lands in the state, such as the

Figure • 1

Southeast Logging Employment



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

International Exports of Alaskan Forest Products
Federal Fiscal Years 1981-1990

Product/Units 1/	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Softwood Logs										
Volume (MMBF)	130.1	197.5	292.6	237.6	258.6	340.3	436.1	482.2	629.6	606.6
Value ($ millions)	68.4	95.4	128.3	97.1	99.6	137.9	179.6	261.6	310.3	350.9
Unit Value ($/MBF)	526	483	439	408	385	405	412	543	493	578
Lumber & Cants										
Volume (MMBF)	202.5	178.6	136.0	113.3	122.0	93.5	121.0	152.5	182.3	225.5
Value ($ millions)	60.3	62.5	45.5	32.2	32.5	24.7	33.9	52.1	71.0	85.3
Unit Value ($/MBF)	298	350	334	284	266	264	280	342	389	378
Woodchips										
Volume (Mton)	60.5	84.8	19.0	10.5	4.5	0.0	0.0	10.4	77.9	18.2
Value ($ millions)	5.5	6.4	1.3	0.3	0.4	0.0	0.0	0.6	3.6	1.4
Unit Value ($/ton)	90	75	66	32	98	0	0	54	46	78
Woodpulp										
Volume (Mton)	252.9	211.0	188.5	249.2	166.5	203.8	232.0	260.4	296.9	252.7
Value ($ millions)	135.7	113.3	94.8	127.3	72.0	85.4	113.9	160.4	227.7	185.4
Unit Value ($/ton)	537.0	601	503	510	433	419	492	616	767	728
TOTAL VALUE ($ millions)	269.9	277.6	269.9	256.9	204.5	248.0	327.4	474.7	612.7	622.9

1/ Volumes reported in millions of board feet (MMBF) or thousands of metric tons (Mton). Values are free along ship (FAS) in millions of nominal dollars. Unit values are dollars per thousand board feet ($/MBF) or dollars per metric ton ($/ton).

Source: U.S.D.A. Forest Service, compiled from official statistics of the U.S. Department of Commerce, preliminary estimates for 1990.

Chugach National Forest, harvests from these areas have been small. The state and local governments own some property with harvestable timber, but they have been minor players in this industry to date. Private individuals and corporations own most of the remaining timber base, with the majority owned by Alaska Native regional and village corporations.

Management of the private (Native) timber differs from that of the U.S. Forest Service (Tongass) holdings. In Southeast Alaska, the government conveyed over 600,000 acres of land to Native village corporations and the Sealaska regional corporation under the Alaska Native Claims Settlement Act. The corporations needed cash to help finance their corporate undertakings. Each began selling and harvesting the timber resources from their approximately 23,000 acre conveyance. Unlike the Tongass harvests, which provide a long-term sustained yield (more on this later), the need for cash led village corporations to more quickly harvest their timber.

At first, timber harvests on Native-owned lands started slowly. (See Figure 2.) Harvests on these lands soon outpaced that from the national forests. The harvest rate made it clear that supplies of Native timber in Southeast would run out by the mid-1990s. It is difficult to pinpoint the exact amount of marketable timber conveyed to the Native corporations, or even how much remains. The marketable timber changes as prices fluctuate; higher prices turn marginal stands of timber into viable harvest areas. The good market for lumber in the late 1980s helped increase the quantity of marketable timber in Southeast. Still, the Native village corporations will have harvested most of their timber by the middle of the decade if current harvest rates continue.

There are significant tracts of uncut timber on the regional corporation's land. Sealaska's marketable timber might last for several years, depending on the rate of harvest and price fluctuations. A report by the Institute for Social and Economic Research at the University of Alaska-Anchorage estimates Sealaska's remaining inventory could last for 12 to 20 years.[1] Other Native corporations outside Southeast also own large tracts of timber land. One company set up by four village corporations, Koncor Forest Products, has holdings from Southeast to the Interior of the state. While areas outside of Southeast Alaska are just being tapped for harvest, village corporations in the Southeast region have harvested most of their timber.

The U.S. Forest Service managed the Tongass National Forest timber harvests much differently. The Forest Service uses a technique known as long-term sustained yield management. Forest managers find the volume of timber available for harvest in the forest, calculate the number of years required for regrowth of the timber after harvesting, and then determine the amount which could be harvested in perpetuity. For example, assume a forest is capable of producing 100 million board feet of timber when fully mature. After cutting, the forest would take 100 years to regrow to marketable size. This forest could have an annual harvest of one million board feet using the long-term sustained yield management technique. After harvesting the last portion of the original forest, the first harvest area would have had 100 years to grow and would then be of marketable size.

The large amount of harvestable timber in the Tongass allows a viable wood products industry to exist using the long-term sustained yield management plan. For that reason, timber supply in the Tongass remained a constant, mandated by law to be as high as 4.5 billion board feet per decade. Timber supply would, in theory, only vary if the size of the timber base changed. That is exactly what happened when the Tongass Timber Reform Act passed in late October, 1990.

The act removed about 1,600 square miles of the forest previously slated for harvest from the timber base. This reduced the sustainable harvest to about 4 billion board feet per decade. Proponents of the reform bill argued that the reduced harvests will not cause any companies now operating in the forest to close. They point out that harvests in weak market years were much lower than the 450 million board feet per year allowed. Others disagree, saying that companies continued to operate during the weak markets so they could take advantage of the strong market years, when they were able to make a profit. If companies are forced to reduce harvest levels during the good market years, their profits will decline. In the end, these companies may not be able to survive.

Revisiting the arguments for and against the Tongass Timber Reform Act provides little insight into the industry's future. The outcome, however, did affect the industry's future. There is now less timber available for the industry to harvest. Long-term sustained yield management is still a part of the plan.

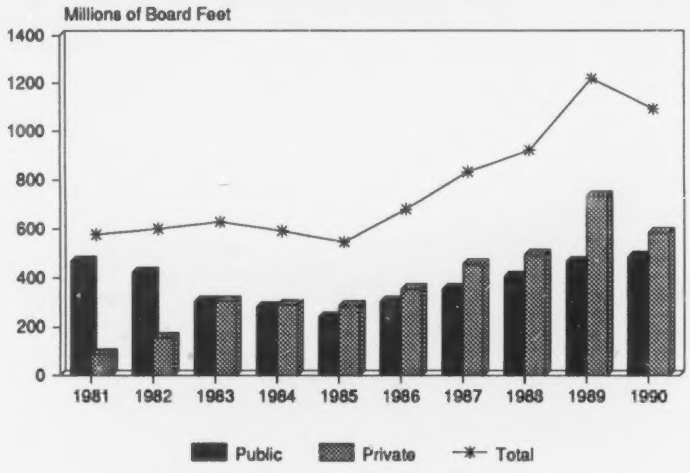
Up to this point, the supply of timber looks like this: privately owned holdings are decreasing rapidly, while Tongass timber harvests will be at a reduced but constant level into the future. Other factors could, however, change this supply scenario.

Timber Supply Could Face Further Reductions

A constant supply of Tongass timber is not a given, even after the Tongass Timber Reform Act. Lawsuits are now working their way through the court system trying to halt timber sales on certain tracts of the forest. These lawsuits point out that subsistence is the primary designated use for national forest lands under the Alaska National Interest Lands Conservation Act (ANILCA). Litigants contend timber harvest areas cannot include areas traditionally used for subsistence hunting or gathering. If these lawsuits succeed, the supply of Tongass timber available for harvest will be further reduced.

Figure • 2

Timber Harvest by Ownership
FFY 1981-1990



Source: Alaska Department of Labor, Research and Analysis Section.

A second factor affects the supply of timber in the Tongass. A provision in the reform act concerns the harvesting of different size classes of trees. In the past, critics have accused the industry of harvesting only the largest and most profitable stands of timber. If this practice continued, near the end of the harvest rotation only marginal timber stands would remain. This would make profitable operations in those areas difficult.

The current act requires that larger classes of timber (the old growth timber) cannot be harvested at a rate greater than their proportion in the overall harvest area Simply put, if 10% of the timber in a harvest area is in old growth trees, then only 10% of the timber harvested can come from those trees. This will help even out the harvest and keep the industry economically viable into the future. This clause might cause less efficient companies to shut down if they are limited in their harvest of this more profitable timber.

The Tongass Timber Reform Act also eliminated the Tongass Timber Supply Fund. The elimination of the $40 million annual appropriation will affect the supply of available timber. Whether this money was a subsidy to the industry, as some contend, or compensation for restrictive harvest regulations, one thing is certain. The Timber Supply Fund lowered the cost of harvesting Tongass timber. Its elimination will both increase costs for a timber company and, at least in weak market times, reduce the amount of marketable timber in the Tongass.

Demand for Alaska's Products Fluctuates

In the midst of all of the timber supply issues, it is easy to forget that Alaska's timber industry exists because there is a demand for Alaskan timber products. Foreign and domestic competition and the currency fluctuations, tariffs and import restrictions associated with international trade are some of the factors that influence demand for Alaskan forest products.

In addition, demand for Alaskan forest products varies according to the product. Some are unique in the world market, while others are quite common. Unique is the old growth, fine grained Sitka spruce and hemlock logs. These are highly prized in Asian markets, and have little direct competition from other areas outside of the Pacific Northwest. This product commands a premium price. At the other end of the spectrum are softwood chips, used in pulp and pressboard products. Alaskan chips have few advantages over other sources throughout the world. For that reason, the price of Alaska chips must be very close to the price of other chips. Falling somewhere in between these two extremes is the dissolving pulp produced by Alaska's two pulp mills.

Alaska's Log and Lumber Export Markets

Japan is the major player in the market for lumber and logs. In federal fiscal year 1989 (from October 1, 1988 through September 30, 1989) 81% of the value of Alaska's log exports and 99% of the value of lumber exports went to Japan. An analysis of Japan's demand nearly covers the total demand for Alaska timber products.

Demand is lower today than it was last year. Japanese buyers began stockpiling product during the spotted owl controversy in Washington and Oregon. Japanese manufacturers and builders now are depleting this stockpile. Market analysts project prices will stabilize towards the end of this

Table • 2

Yen/Dollar Exchange Rates 1/

	Yen/ $ U.S.	Percentage Change
1986	162.13	
1987	128.25	-20.9%
1988	123.63	-3.6%
1989	143.62	16.2%
1990	133.72	-6.9%
Jan, 1991	133.65	-0.1%

1/ Rates are the closing averages on the last trading day of the period.

Source: MERI's Monthly Circular, April 1991, Number 736.

year as demand increases. When prices stabilize, however, they may be well below the high prices of 1989.

Good marketing has helped sell the state's timber products, particularly in Asian markets. Certain trends may shrink this market in the future. Wood products are still used ornamentally in construction. Traditionally, wood was also used in building houses. Now many Japanese consumers are more receptive to modern materials for home construction. Marketers are turning to other countries looking for potential buyers. Taiwan, Korea, and China are all potentially major consumers of Alaska timber products.

Unfortunately, Alaskans are not the only ones successfully marketing their timber products. British Columbian, Chilean, New Zealand and Soviet producers are targeting the Asian market. Even other Asian countries, particularly those in Southeast Asia, are looking to sell logs and lumber to their neighbors. Most countries (except Canada) do not have lumber products which can compete directly with Alaska's old growth lumber. Still, all are trying to sway buyers' preferences in their direction.

Markets for Alaska Pulp Seem to Defy Economic Analysis

The forces of supply and demand explain the market for Alaska's logs and lumber. Things are not so clear cut for the dissolving pulp market. During 1990, markets for dissolving pulp weakened. Inventories stacked up to the point which required temporary shutdowns, and prices fell. Paradoxically, the demand for products made from dissolving pulp was strong. Rayon manufacturers, major consumers of dissolving pulp, could not produce enough product to satisfy the market. Prices for rayon were increasing while dissolving pulp prices were falling. There are several reasons why this apparent backwards trend might have occurred.

First, rayon fabric competes with many synthetic petroleum based fabrics. Rayon is, however, expensive and is more of a luxury item than many other less costly fabrics. While it has certain characteristics important to some customers, they easily can substitute other fabrics for rayon. Increasing oil prices pushed up the prices for these substitute fabrics, and rayon price and demand rose in response.

Uncertainty and skepticism cast a shadow over the health of the worldwide economy. Any economic slowdown has a great effect on the consumption of luxury items. While rayon demand and prices were temporarily rising, this occurred during a period of long-term declines in demand. Some analysts think demand should stabilize later in 1991. Dissolving pulp prices should then stop their fall and could even recover some lost ground.

Finally, Alaska wood products contend with currency fluctuations since most are sold on the international market. Using the Japanese yen for comparison, Alaska products are now nearly 18% cheaper than they were in 1986. In 1986, it took 162.13 yen to buy one U.S. dollar. In January 1991, it took only 136.65 yen to buy a dollar. (See Table 2.) If the dollar loses value compared to other currencies, Alaska products become cheaper and demand for them will go up. On the other hand, a strengthening dollar can make other countries' products more competitive.

Supplies of Finished Products Also Influenced by Markets

The strong market of the late 1980s enticed producers to invest in additional facilities. Companies either constructed new or refurbished existing sawmills to better meet the demand for Alaskan lumber. The two pulp mills incorporated new processes to increase their output of dissolving pulp.

As rising prices can cause industry expansion, falling prices can lead to contractions. When competition becomes too great, the least efficient (and usually least profitable) companies back out of the market. This applies not only to Alaska, but world wide.

Modern facilities respond faster to markets by changing the products they produce. For example, some newer pulp mills can produce more dissolving pulp when paper pulp markets are depressed. When the paper pulp market rebounds, these mills can quickly convert back to paper pulp production. Older facilities in Ketchikan and Sitka do not have this flexibility. This handicaps the mills during market downturns.

Given weak markets, their options might be either to operate at low profits or a loss, or shut down entirely.

Pulp Mills Major Producers, But They Cannot Control Markets

The two Alaska pulp mills produced about 28% of the total U.S. volume of dissolving pulp and 6% of world volume in 1989. This makes these two mills major producers, but does not insulate them from market trends.

There is a large amount of unutilized production capacity in Eastern Europe, where many dissolving pulp mills shut down in the 1980s. Some mills change between producing dissolving pulp and a type of pulp used to make paper. The Alaska mills must remain in the dissolving pulp market.

When prices for dissolving pulp are low, competition may decline. This helps push prices up. When prices are high, however, closed or convertible pulp mills can reenter the market for dissolving pulp. This increases competition and lowers prices. The conversion of competing mills to paper pulp production helped Alaska's mills in the past. This trend has now reversed itself as the price of paper pulp has plummeted.

The two Alaska pulp mills are somewhat unique among the state's manufacturers. The mills have little capacity to vary their production — they either produce at a near constant rate or they shut down. This presents a problem for the mills. As dissolving pulp markets softened last year, inventory accumulation forced the Sitka mill to shut down. If demand again dips, either mill might experience a similar problem.

The Tongass Timber Reform Act modified the long-term timber contracts between the U.S. Forest Service and the mills. The two mills need about 315 million board feet of timber per year to operate full time. Unless the mills find alternate sources for raw materials, any amount less than this would force one or both to shut down for some period, depending on the allowed level of harvest. In the long run, the mills need a steady timber supply which permits full operation. If supply falls below this level then one or both mills would have to close. Employment and the supply of dissolving pulp from Alaska would decline accordingly.

Lumber Output Continues to Increase as Facilities Expand

Many companies used the strong market of the late 1980s to expand their operations, predominantly through the construction or expansion of sawmills. This created more jobs for each unit of raw material. The mills allowed for value-added processing within the state, instead of transporting logs out as a raw material.

New technology employed in these mills helps keep them competitive in a changing world market. These sawmills can convert from inch-based to metric-based dimensional lumber, depending on the customers' requirements.

Retrofitting established sawmills throughout Southeast has kept them in business, but the new sawmills at Seward and Ketchikan are somewhat unique. The Ketchikan mill is a computerized, automated mill located next to the pulp mill. All the logs bought by the mill could be turned into pulp. Many of the logs, however, were of sawlog quality. The company could realize higher profits by cutting these logs into lumber. The Ketchikan Pulp Company built the new mill for that purpose - to get the greatest value from smaller saw logs. It is now easy and profitable for the company to segregate the logs it buys. The higher value logs become lumber while the lower value logs become pulp.

The Seward sawmill takes advantage of a nearly untapped source of timber. In addition, its capacity allows for more extensive timber harvests throughout the Southcentral area. Expanded harvests will be necessary for the mill to continue operations. Construction of the mill could, however, mark the first step towards an integrated timber industry in the region. (For more on the Southcentral timber industry, see the article beginning on page 9.)

The trend toward automation in sawmills has a couple of different impacts. First, any additional processing of logs in the state helps create employment. The new mills might take fewer people to operate than the more traditional mills, but their introduction into the state's timber industry helps keep all phases of the industry viable.

Conclusion

There are many different factors at work which will determine the health of the state's timber industry. (See Table 3.) Combining the possible effect only leads to more uncertainty. This is particularly true looking past the immediate future. Trying to guess which particular chain of events will occur is just that — a guess. Some events will have a one time impact, others may have short term effects, but are issues which will recur many times. Still others will have long term impacts on the industry.

Table • 3

Factors Affecting the Timber Industry

Factor	Negative Impacts	Positive Impacts
Timber Supply	Tongass Reform Act Subsistence Lawsuits Declining Native Timber Supplies Timber Buyouts	Expansion into Southcentral Alaska
Supply of Finished Product	Weak Prices May Force - Shutdowns High Transportation Costs Decrease Profits	Addition/Expansion of Facilities New Mills React Quickly to Market Demand
Demand for Finished Product	World Market Affects Common Products Prices Currently Falling Consumer Nations "Stockpiled' Products During Spotted Owl Controversy	Unique Properties of Certain AK Timber Prices Projected to Increase Late 1991 WA & OR Timber Supply Dwindling New Foreign Markets for Timber
Other Impacts	Financing Operations Becoming More Difficult	Shutdowns in WA & OR Increasing Labor Pool Cost of Labor Declining Equipment Costs Down

Source: Alaska Department of Labor, Research and Analysis Section.

In the short run, employment is expected to drop by 8.7% in the timber industry in the next two years. The largest declines should occur in logging, mainly caused by decreased harvests of Native-owned timber. A large portion of the Native-owned timber was exported before it was processed. Declines in Native logging do not necessarily mean a decline in employment in the sawmills and pulp mills.

Employment declines from the highs of the late 1980s do not necessarily mean the industry is in trouble. On the other hand, there are problems the industry must cope with to maintain current employment levels. There are also some positive trends which could more than offset any pressures to downsize the industry.

Supply and demand are the overriding determinants of the health of the industry. Declines in the early 1980s, for example, occurred because of a weak market (a lack of demand). Growth in the late 1980s occurred because of better markets and the harvesting of recently conveyed stands of Native timber (a strong demand and an increased supply).

In the future, demand will continue to fluctuate. Prices for Alaska's timber products will vary, as will companies' profits. Unfortunately, the future timber supply is open to question. If increased harvests in Southcentral and Interior Alaska can offset declines in the supply of Tongass and Southeast Native timber, timber should continue to be a major manufacturing industry in the state. If not, the fate of the industry is less certain, and less optimistic.

---

[1] *Native Timber Harvest In Southeast Alaska, Institute of Social and Economic Research Draft Report, May 1989.*

Table • 4

Alaska Timber Employment 1975-1990

	1975	1976	1977	1978	1979	1980	1981	1982
Statewide Total	3,375	3,350	3,475	2,925	3,150	3,525	3,300	3,025
Southeast Total	2,075	2,750	2,950	2,500	2,625	2,900	2,650	2,550
Southeast Sawmills	525	525	600	525	650	725	575	550
Southeast Pulp mills	1,200	1,175	1,225	1,025	1,000	1,025	1,075	950
Southeast Logging	1,175	1,050	1,125	950	975	1,125	1,000	1,050

	1983	1984	1985	1986	1987	1988	1989	1990
Statewide Total	2,700	2,325	2,300	2,600	3,050	3,625	3,850	3,900
Southeast Total	2,225	1,900	2,025	2,500	2,950	3,450	3,500	3,450
Southeast Sawmills	400	350	375	325	400	500	475	525
Southeast Pulp Mills	850	600	625	800	875	900	925	900
Southeast Logging	975	950	1,000	1,350	1,675	2,050	2,100	2,025

Numbers may not add due to rounding. Employment rounded to the nearest 25.

Source: Alaska Department of Labor, Research and Analysis Section.

Timber Industry's Newest Player – Southcentral Alaska

by Brian N. Rae

Brian N. Rae is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Compared to the Southeast timber industry, the Southcentral timber industry is a relatively new kid on the block. The Chugach mill, the region's first large-scale capital investment, came on line only last year. While the potential supply of timber is considerable, demand now outpaces the supply of timber online for harvest.

To say that the timber industry is new to Southcentral is not totally accurate. Several small sawmills have operated in the area for years. They provided rough-cut lumber to nearby residents, but not as large scale producers. Several years ago, the state proposed entering into a long-term timber sales contract with any company willing to locate a plant in the Mat-Su Borough. While negotiations progressed with a company interested in building a plywood plant in the area. These plans never came to fruition.

Not much changed in the area until Chugach Alaska Corporation began construction of the Seward sawmill. The company has large holdings of timber in Prince William Sound and the Kenai Peninsula, as do many Native village corporations. In the past, most of the timber in the area was sold to Japanese markets as round logs. Very little processing took place in Southcentral Alaska. The increasing costs of processing in other countries, particularly increasing labor costs, and the increased efficiency of newer mills reversed this trend.

The completion of the Seward mill made an alternative to shipping round logs to foreign markets available. More and more, processing facilities ship semi-finished products from Alaska. Additionally, Alaska builders can use locally produced building materials instead of having to import them from other states.

Several issues need to be decided before the industry can prosper in the region. The greatest problem facing the industry in Southcentral is timber supply. With the construction of the Seward mill came the need for a steady supply of logs to feed into it. For the mill and the industry to survive, many of the private land owners will have to harvest their timber. Some people, however, oppose these harvests.

Proposals to buy timber holdings to prevent their harvest are now being studied, such as the Kachemak Bay State Park proposal. The settlement between the state and federal governments and Exxon could also affect supply. Some want to use settlement monies to purchase timber holdings, thereby preventing logging in Prince William Sound. If this occurred, large scale operations such as the Seward mill might not have enough logs to continue production.

To increase the efficiency and profitability of the industry, additional types of facilities need to be located in the region. A single large sawmill cannot efficiently use all types of timber resources. The mill can process larger timber into lumber. Smaller or less perfect timber, however, could be better used in some other product. Waste materials and small timber is now being chipped. Chugach has shipped wood chips to Japan, but a plant producing some type of pressed board could turn these chips into a finished product.

Improvements have occurred in the manufacturing and quality of products such as wafer board, medium density sheathing (MDS board), oriented strand board and plywood. These products have continued to increase their share of the building market, and any such mill could put to use the lower value timber or waste products from a sawmill.

The future is uncertain. The continued existence of the Southcentral timber industry is still tenuous. Chugach Alaska recently filed for Chapter 11 bankruptcy. While the Seward mill was not the sole cause of their monetary woes, it was not a money-maker for the company. The mill came on line at the end of a rising market, and the downturn has hurt it. Some have said the mill may be too large to be efficient given the current capitalization in the Southcentral timber industry. They point out, however, that the mill would fit nicely into a complex of several different timber facilities. Such a system of manufacturing facilities might, however, be more than a way to save the Seward sawmill. The Seward mill should be seen as an initial investment in the industry. Monetary woes aside, its existence might make the area more attractive to others looking for alternative ways to invest in the Southcentral timber industry.

Whether other facilities are built or not reflects on the overall viability of a timber industry in Southcentral. The industry is in an embryonic state. For it to live, additional development will have to occur. Without it, the prospects for an industry which can weather both the highs and lows of the forest products economy are questionable.

Alaska Loggers Face High Risk of Injury

by James Wilson

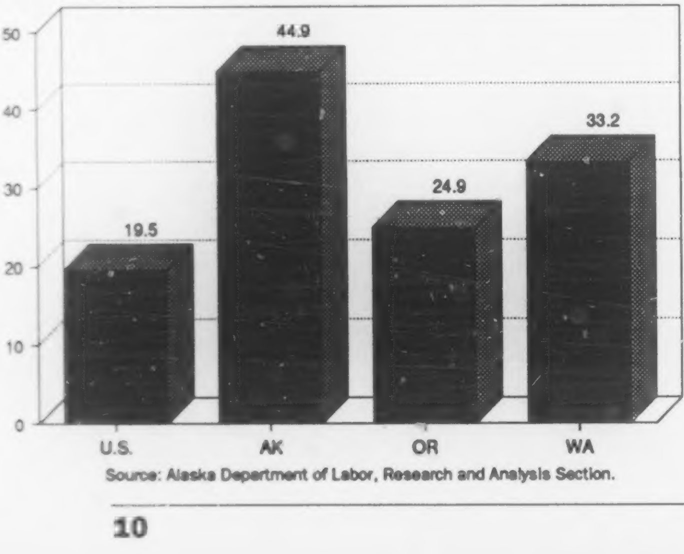
James Wilson is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Alaska's wood products industry includes logging, sawmills and planing mills, pulp mills and related products. These forest product businesses account for only 2.5% of statewide private sector employment. 10.5% of all time loss injury and illness cases reported to the Alaska Division of Workers' Compensation, however, are from workers employed in these companies.

Worker safety issues are familiar topics within the wood products industry. Industry employers spend considerable time and money on safety programs. The Alaska Pulp Company recently estimated that it spends about one million dollars annually on safety

Figure • 1

OSHA Case Rates/100 Workers
Logging 1989



Source: Alaska Department of Labor, Research and Analysis Section.

programs, resulting in improvements in its safety record. Portions of the forest products industry, however, are among the most hazardous in the state as well as the nation. The incidence rate for Occupational Safety and Health Act (OSHA) recordable injuries and illnesses in Alaska's logging industry during 1989 was 44.9 cases per 100 workers. The private sector average was 12.3.

Traditionally, logging holds the unfortunate distinction as Alaska's highest incidence rate industry. Logging in Alaska is inherently more hazardous than in some other states because of the difficulties created by harsh weather, steep and heavily grown terrain, the large size of trees, and methods which must be used to harvest them. (See Figure 1.)

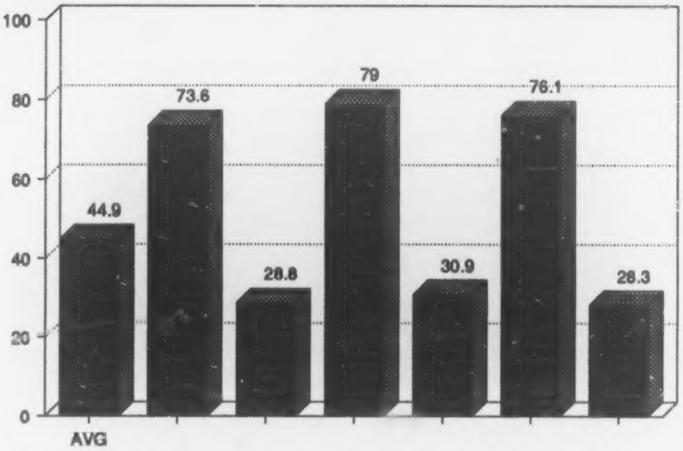
Incidence Rates Vary Widely Among Logging Firms

The logging industry's average incidence rate of 44.9 cases per 100 workers represents a broad spectrum of logging companies. Some of the larger companies reporting data for the 1989 OSHA survey had rates well below the average. (See Figure 2.) A few had rates considerably higher, over 70 cases per 100. The good news for the industry is that the 1989 rate was the lowest recorded in five years.

Preliminary data for 1990 shows annual employment in logging at

Figure • 2

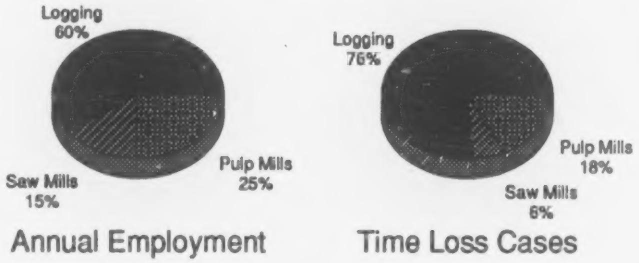
OSHA Case Rates of Injury and Illness in 6 Big Firms in 1989 OSH Survey Logging



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 3

Alaska Wood Products Industries 1989 Employment & TL Cases



Source: Alaska Department of Labor, Research and Analysis Section.

the same level as in 1989 with the number of reported Workers' Compensation time loss cases down 20%. Whether the OSHA recordable case rate will continue to decline remains to be seen. One very noteworthy improvement is that there was only one reported logging injury fatality in 1990, compared to an average of 5 deaths a year for the past few years.

The sawmill & planing mill industry make up the smallest component of Alaska's forest products processors. Annual average employment in 1989 was 564. No published incidence rate of OSHA recordable cases exist in this industry because of its smaller size. The data do reveal, however, that the OSHA case rate is roughly one-half that of logging.

Pulp mill companies are Alaska's largest manufacturers of forest products. The paper and allied products industry annual employment has risen each year since 1982 with a 3% growth rate from 1988 to 1989. The number of reported Workers' Compensation time loss cases was nearly identical in 1988 and 1989 (195 cases). One difficulty in using the time loss cases data for these companies is that it includes their logging activities, which are more hazardous than pulp processing.

Due to confidentiality requirements, the Alaska Department of Labor does not publish an OSHA recordable case rate for Alaska's pulp mill industry. Data from the Pacific Coast Association of Pulp and Paper Manufacturers do contain some good news regarding Alaska's pulp mills. According to this industry source, the Sitka mill ranked 10th best out of 45 west coast mills, and the Ketchikan mill also placed in the top half. The association's 1990 data allows us to compute a pulp mill industry rate for Alaska of 7.4 OSHA recordable cases per 100 workers. This rate falls well below the historic Alaska private industry average; it is lower than the rates for some less hazardous industries such as retail trade.

Conclusion

At first blush, Alaska's forest products industry appears among the most hazardous for Alaskan workers. Closer examination reveals a variety of injury risk ranging from extremely high to very low. The logging industry is the most hazardous place for Alaskans to work; however, that varies dramatically by employer. Alaska's pulp mills are among the safest places for working Alaskans, while sawmills fall in between these two extremes.

1990 Census *Bulletin*

The Alaska State Data Center released population counts by race from the 1990 census in March. The count in Alaska showed that all racial categories gained population in the past decade as the state grew from 401,851 people in 1980 to 550,043 in 1990.

Both White and Native racial groups made up smaller percentages of the total population than they did in 1980. The Asian and Pacific Islander category grew by the largest percentage. The Black population also grew at a faster rate than the state as a whole.

People of Hispanic origin are spread across all the racial groups, but were also tallied separately in the 1990 census. The percentage of Hispanics grew from 2.4% in 1980 to 3.2% in 1990.

The U.S. Census Bureau, the original source of this count, has cautioned that this data could be adjusted later for over- or undercounts no later than July 15, 1991.

Race	1990 Population	1990 Percent	1980 Percent
White	415,492	75.5	77.1
Native American Indian, Eskimo, or Aleut	85,698	15.6	16.0
Black	22,451	4.1	3.4
Asian or Pacific Islander	19,728	3.6	2.0
Other Race	6,674	1.2	1.6
Total Population	550,043	100.0	100.0

Source: Alaska Department of Labor, Research and Analysis Section.

(For more information on the 1990 census, see page 13)

1990 Census Data Available

by Ingrid Zaruba

The Alaska State Data Center (ASDC), located in the Research and Analysis Section of the Department of Labor, is the state's clearinghouse for census information. The ASDC provides census data to users, free of charge, in a variety of formats such as computer tape, diskette, and printed reports. Other formats such as CD-ROM, census reports, maps and tape documentation must be purchased from the Census Bureau.

Computer Tape. The ASDC is providing free copying of census tapes as they are received from the Census Bureau. To order send the ASDC a blank 9 track tape and a written request identifying the census tape name and the geographic areas, if you require less than the state total. The technical documentation is available from the Census Bureau. The fee is $5.00.

CD-ROM: CD-ROM data is available approximately 3-4 weeks after tapes are released. Technical documentation is included on the disc. To order contact the Census Bureau. The fee varies but averages around $150.00 per disc.

Printed Reports: Printed Census publications may be ordered directly from the Census Bureau. Prices may vary depending on the publication.

Maps: Maps of Alaska will be available from the Census Bureau. There are 740 county/block map sheets and 172 tract/BNA map sheets. The cost will be $5.00 per map sheet.

The above items are available from:

Census Bureau
Customer Services Division
Washington, D.C. 20233

Diskettes: The ASDC can download data from census tape to PC diskettes (please specify high or low density) for all geographic areas of the state. The ASDC will also be preparing special data extractions based on our data survey results. Contact our office for further information. There is no cost for this service.

Further information on the date of release, the subject or geographic areas, and the format of any census data may be obtained by contacting:

Alaska State Data Center
P.O. Box 25504
Juneau, Alaska 99802-5504
Phone: 907-465-4500
Fax: 907-465-2101

Timeline of 1990 Census Products

April 1, 1991	Apportionment Population Counts to the Governor and State Legislature
1991	Computer Tapes of 100% Data (STF 1)* CD-ROM** of 100% Data (STF 1) ASDC Generated Census Maps
1991-1992	Printed Reports of 100% Data: Summary Population and Housing Characteristics Population and Housing Unit Counts General Population Characteristics General Housing Characteristics General Population Characteristic for American Indian and Alaska Native Areas General Housing Characteristics for American Indian and Alaska Native Areas
1992-1993	Computer Tapes of Sample Data (STF 3) CD-ROM of Sample Data (STF 3) Printed Reports of Sample Data: Summary Social, Economic, and Housing Characteristics Population and Housing Characteristics for Census Tracts and Block Numbering Areas
1993	Printed Subject Reports Social and Economic Characteristics Detailed Housing Characteristics Population Subject Reports Housing Subject Reports

*STF=Summary Tape File
**CD-ROM=Compact Disc-Read Only Memory

A detailed description of the above products can be found in the *1990 Census of Population and Housing Tabulation Publication Program* guide available free from the Alaska State Data Center.

Several Industries Showed Seasonal Gains in March

Brian N. Rae

March employment statistics show the beginning of the end of Alaska's winter shutdown, with employment creeping up and the unemployment rate falling slightly. (See Tables 1 and 4.) Like springtime, the state's economic reawakening is always welcomed. The economy may not be in full bloom yet, but there are signs of new life.

Certain industries normally lead the economy out of its winter doldrums, and that held true again in 1991. Manufacturing companies showed the largest employment gains. Seafood processing employment increased by 800, while logging and sawmill operations saw employment increase by 300. These two industries accounted for nearly 40% of the total monthly employment gains of 2,900. Two other seasonal industries posted significant employment gains: hotels and motels were up by 200; eating and drinking establishments were up by 400. All of these industries should show even stronger growth for the next several months.

Table • 1

Nonagricultural Wage and Salary Employment By Place of Work — Alaska

	p/ 3/91	r/ 2/91	3/90	Changes from: 2/91	Changes from: 3/90
Total Nonag. Wage & Salary	230,300	227,400	225,600	2,900	4,700
Goods-producing	34,800	33,100	33,200	1,700	1,600
Mining	11,400	11,300	10,400	100	1,000
Construction	8,400	7,900	8,200	500	200
Manufacturing	15,000	13,900	14,600	1,100	400
Durable Goods	3,100	2,800	3,300	300	-200
Lumber & Wood Products	2,400	2,100	2,600	300	-200
Nondurable Goods	11,900	11,100	11,300	800	600
Seafood Processing	8,100	7,300	7,700	800	400
Pulp Mills	900	900	900	0	0
Service-producing	195,500	194,300	192,400	1,200	3,100
Transportation	19,500	19,300	18,800	200	700
Trucking & Warehousing	2,400	2,300	2,500	100	-100
Water Transportation	1,200	1,100	1,100	100	100
Air Transportation	6,200	6,200	6,100	0	100
Communications	3,400	3,400	3,200	0	200
Trade	44,300	43,600	43,100	700	1,200
Wholesale Trade	8,000	7,800	7,700	200	300
Retail Trade	36,300	35,800	35,400	500	900
Gen. Merch. & Apparel	5,600	5,700	5,300	-100	300
Food Stores	6,500	6,400	6,200	100	300
Eating & Drinking Places	12,300	11,900	12,300	400	0
Finance-Ins. & Real Estate	10,200	10,200	10,100	0	100
Services & Misc.	50,100	49,700	48,600	400	1,500
Hotels & Lodging Places	4,700	4,500	4,500	200	200
Government	71,400	71,500	71,800	-100	-400
Federal	17,900	17,800	18,500	100	-600
State	21,700	21,800	21,800	-100	-100
Local	31,800	31,900	31,500	-100	300

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Not all industries created these employment gains. Government employment at both the state and local levels fell by 100 over the month. A gain of 100 in federal employment helped counteract some of this decline, but overall government was down 100 since February and down 400 when compared to March of last year.

National, International Events Affect State's Economy

In March, the war in the Persian Gulf ended. With the decline in hostilities came lower oil prices. The state's treasury benefitted from the higher prices brought on by the war; but some of those gains disappeared with lower prices. World metals prices, already low before the war, continue to be weak. Prices may not have changed any plans for development or closed any mines. There are, however, concerns that continued depressed prices could affect the industry in the future.

Rumors of shifting tourism markets became reality in March. The initial effect on the state was negative, as international airlines continued to cancel their Alaska stopovers. Decreased traffic to Europe caused some cancellations. In March, travelers were still concerned about terrorist threats abroad. British Airway's promotional "free fly" day indicates the lengths to which carriers will go to maintain their overseas routes.

Other airlines abandoned Anchorage as a stopover because of new flight schedules. To accommodate more U.S. bound flights at Tokyo's Narita Airport, several European airlines have been rescheduled. Many European airlines used to leave Tokyo and stop over in Anchorage. The stop allowed for refueling, and lengthened flight times so the planes arrived in Europe at a convenient time. This new schedule, combined with the opening of Soviet air space, allows them to fly directly to Europe and arrive at a convenient hour.

The loss of international flights will have an effect on parts of the Anchorage economy, but one thing remains certain — a lot of tourists will continue to come to Alaska. The list of cruise ships visiting the state lengthened this summer, many transferred from runs in the Mediterranean. Anchorage hotels may be at the saturation point, but other Alaska businesses will welcome any additional tourists they can get this summer.

State's Regions Behaved in Different Ways

Like the changing of the season, the state's economic reawakening occurs at different times in different regions of the state. In March, some areas of the state were still in an economic deep freeze, while others were beginning to thaw. (See Figure 1.)

The Gulf Coast region led the state in over-the-month employment gains, up by over 4%. This translates into gains of 850 in the region, with 450 in seafood processing. (See Table 2.) The rest of the gains were predominantly in the service-producing industries.

This is the second fishing season since the Exxon Valdez oil spill closed much of the area in 1989. Last year, seafood employment rose sharply. Whether last year's employment was affected by the oil spill is hard to judge. For that reason, both economic recovery after the spill and real economic growth could account for a 4% increase over last years level in seafood processing employment.

The rest of the year is uncertain for the industry. Three of the five major processors in Cordova are

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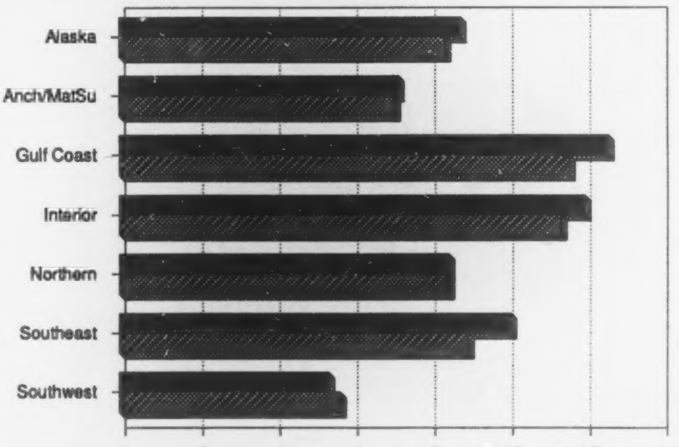
Figure • 1

Unemployment Rate Change February to March, 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	110,450	109,450	107,550	1,000	2,900
Goods-producing	10,900	10,500	10,500	400	400
Mining	4,050	4,000	3,950	50	100
Construction	4,800	4,500	4,600	300	200
Manufacturing	2,050	2,000	1,950	50	100
Service-producing	99,550	98,950	97,050	600	2,500
Transportation	10,850	10,700	10,400	150	450
Trucking & Warehousing	1,450	1,350	1,500	100	-50
Water Transportation	300	300	250	0	50
Air Transportation	4,000	3,950	3,950	50	50
Communications	2,050	2,050	1,850	0	200
Trade	25,550	25,400	25,000	150	550
Wholesale Trade	5,900	5,800	5,650	100	250
Retail Trade	19,650	19,600	19,350	50	300
Gen. Merch. & Apparel	2,800	2,850	2,850	-50	-50
Food Stores	3,300	3,250	3,000	50	300
Eating & Drinking Places	7,450	7,400	7,400	50	50
Finance-Ins. & Real Estate	6,450	6,450	6,450	0	0
Services & Misc.	29,300	29,100	28,150	200	1,150
Hotels & Lodging Places	2,400	2,400	2,350	0	50
Government	27,400	27,300	27,050	100	350
Federal	10,500	10,400	10,550	100	-50
State	8,250	8,200	7,850	50	400
Local	8,650	8,700	8,650	-50	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	26,150	25,950	25,800	200	350
Goods-producing	1,650	1,550	1,750	100	-100
Mining	100	100	100	0	0
Construction	1,000	950	1,150	50	-150
Manufacturing	550	500	500	50	50
Service-producing	24,500	24,400	24,050	100	450
Transportation	1,800	1,800	1,750	0	50
Trucking & Warehousing	450	450	450	0	0
Air Transportation	450	450	400	0	50
Communications	300	300	300	0	0
Trade	5,550	5,500	5,400	50	150
Wholesale Trade	750	750	750	0	0
Retail Trade	4,800	4,750	4,650	50	150
Gen. Merch. & Apparel	550	550	500	0	50
Food Stores	750	750	750	0	0
Eating & Drinking Places	1,800	1,750	1,700	50	100
Finance-Ins. & Real Estate	750	750	800	0	-50
Services & Misc.	6,100	6,050	5,900	50	200
Government	10,300	10,300	10,200	0	100
Federal	2,950	2,950	3,050	0	-100
State	4,450	4,450	4,400	0	50
Local	2,900	2,900	2,750	0	150

Anchorage-MatSu Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	117,750	116,850	114,550	900	3,200
Goods-producing	11,500	11,050	10,850	450	650
Mining	4,250	4,150	4,000	100	250
Construction	5,100	4,800	4,800	300	300
Manufacturing	2,150	2,100	2,050	50	100
Service-producing	106,250	105,800	103,700	450	2,550
Transportation	11,500	11,350	11,100	150	400
Trade	27,300	27,150	26,700	150	600
Finance-Ins. & Real Estate	6,950	6,900	6,900	50	50
Services & Misc.	30,600	30,550	29,400	50	1,200
Government	29,900	29,850	29,600	50	300
Federal	10,550	10,450	10,750	100	-200
State	9,000	9,000	8,650	0	350
Local	10,350	10,400	10,200	-50	150

Interior Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	29,700	29,550	29,500	150	200
Goods-producing	1,850	1,800	1,950	50	-100
Mining	250	250	250	0	0
Construction	1,050	1,000	1,200	50	-150
Manufacturing	550	550	500	0	50
Service-producing	27,850	27,750	27,550	100	300
Transportation	2,000	2,000	1,950	0	50
Trade	5,900	5,850	5,700	50	200
Finance-Ins. & Real Estate	850	850	850	0	0
Services	6,550	6,550	6,400	0	150
Government	12,550	12,500	12,650	50	-100
Federal	3,550	3,500	3,650	50	-100
State	4,650	4,650	4,700	0	-50
Local	4,350	4,350	4,300	0	50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	31,250	30,600	31,300	650	-50
Goods-producing	5,200	4,750	5,400	450	-200
Mining	350	350	300	0	50
Construction	950	850	850	100	100
Manufacturing	3,900	3,550	4,250	350	-350
Durable Goods	2,050	1,800	2,400	250	-350
Lumber & Wood Products	2,000	1,750	2,300	250	-300
Nondurable Goods	1,850	1,750	1,850	100	0
Seafood Processing	800	650	800	150	0
Pulp Mills	900	900	850	0	50
Service-producing	26,050	25,850	25,900	200	150
Transportation	2,350	2,300	2,300	50	50
Trade	5,050	5,000	5,000	50	50
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,500	4,450	4,400	50	100
Finance-Ins. & Real Estate	1,100	1,100	1,000	0	100
Services & Misc.	5,200	5,100	5,200	100	0
Government	12,350	12,350	12,400	0	-50
Federal	1,950	1,950	1,950	0	0
State	5,550	5,550	5,650	0	-100
Local	4,850	4,850	4,800	0	50

Gulf Coast Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	21,900	21,050	21,750	850	150
Goods-producing	5,450	4,950	5,350	500	100
Mining	1,100	1,100	1,100	0	0
Construction	750	700	850	50	-100
Manufacturing	3,600	3,150	3,400	450	200
Seafood Processing	2,650	2,200	2,550	450	100
Service-producing	16,450	16,100	16,400	350	50
Transportation	1,900	1,800	1,850	100	50
Trade	3,650	3,500	3,600	150	50
Wholesale Trade	450	400	500	50	-50
Retail Trade	3,200	3,100	3,100	100	100
Finance-Ins. & Real Estate	600	600	550	0	50
Services & Misc.	4,400	4,300	4,100	100	300
Government	5,900	5,900	6,300	0	-400
Federal	450	450	550	0	-100
State	1,800	1,800	1,950	0	-150
Local	3,650	3,650	3,800	0	-150

Northern Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	14,100	14,000	13,450	100	650
Goods-producing	5,650	5,650	5,100	0	550
Mining	5,300	5,300	4,700	0	600
Service-producing	8,450	8,350	8,350	100	100
Government	4,500	4,500	4,450	0	50
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,900	3,900	3,800	0	100

Southwest Region

	p/	r/		Changes from:	
	3/91	2/91	3/90	2/91	3/90
Total Nonag. Wage & Salary	15,200	15,100	14,950	100	250
Goods-producing	4,750	4,550	4,500	200	250
Seafood Processing	4,500	4,300	4,250	200	250
Service-producing	10,450	10,550	10,450	-100	0
Government	6,250	6,250	6,350	0	-100
Federal	1,250	1,250	1,300	0	-50
State	550	550	500	0	50
Local	4,450	4,450	4,550	0	-100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

owned by companies now under Chapter 11 bankruptcy protection. The city's economy will feel the closure of any of these facilities. The closure of several could seriously damage the Cordova economy.

From another part of the region came some more bad news. Chevron announced that its Nikiski refinery would be closing in June. The company will lay off or transfer 20 workers, and five to six contract workers will be left without work when the plant closes.

Not all the news is bad; the Gulf Coast should see a stronger economy over the next few months than it did last year. Still, other industries in the Gulf Coast posted employment declines over the last 12 months. Losses in government employment more than countered seafood's gains. These losses, combined with only small increases in other industries, helped account for the region's low over-the-year growth rate of less than 1%.

Southeast Employment Lags While Northern Region Grows

Only Southeast Alaska posted a worse over-the-year performance than the Gulf Coast, losing ground compared to 1990. The region's manufacturing industries saw seasonal gains as expected, with employment up nearly 10% for the month. Even so, most of these same industries were at or below the employment levels of a year ago.

The biggest news was in the timber industry. (See related article, this issue.) The industry posted healthy over-the-year gains in February. In February 1990, however, the unusually late spring and heavy snowfalls kept loggers out of the woods and held employment down. For March 1991, lumber and wood products employment is 13% lower than in March 1990.

The public sector also saw employment declines over the year. State government employed 100 fewer employees in the region. Local government employment growth offset some of the decline, as local education employment rose in response to higher student populations in many Southeast communities.

While Southeast posted the worst over-the-year performance, the Northern region posted the best. Only federal government employment dropped, easily explained since 1990 was the year of the census. Continued work on several different North Slope projects caused a near 5% employment increase in the region during the last 12 months. The Schrader Bluff field began pumping oil in late March with four wells. The field is larger than either Milne Point or Lisburne with a total expected production of 250 million barrels. Conoco Inc., developers of the field, hope to have 16 wells on line by the end of 1991.

Anchorage Prepares for a Building Boom?

The Anchorage/MatSu region showed growth in nearly every industry both over-the-month and over-the-year. Construction employment continues to post gains, particularly in general construction. This could portend early signs of a new building boom in Anchorage.

The city surveyed construction companies that built in the municipality last year. In 1990, they constructed 328 units. In 1991, these same companies plan to build over 800 units. Mat-Su school enrollments are at an all time high, while the Anchorage school population should set a record for the 1990-91 school year. The housing market has tightened to the point that some Anchorage realtors quip there are more realtors than there are units for sale. Several large road projects and the announcement of a new F-15 squadron coming to Elmendorf Air Force Base should mean a good construction season for the region.

The problems with the air transportation industry already mentioned spill over into other sectors of the economy. Both retail trade and services lose when the international flights bypass Anchorage. Duty Free Shoppers report much lower sales as stopovers decline. Other companies which provide catering services, fuel, and maintenance also feel the pinch.

Anchorage bucks the statewide trend in one industry, state government. While state government employment is lower throughout most of the state when compared to last year, such is not the case in Anchorage. The Anchorage area has

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90
Mining	$1,166.85	$1,186.87	$1,164.00	48.7	50.1	50.0	$23.96	$23.69	$23.28
Construction	964.62	970.94	1,134.24	41.1	41.6	48.0	23.47	23.34	23.63
Manufacturing	528.75	524.17	559.37	47.0	48.4	45.7	11.25	10.83	12.24
Seafood Processing	440.84	468.76	467.86	53.5	57.8	51.3	8.24	8.11	9.12
Trans., Comm. & Utilities	565.61	580.03	575.74	32.6	33.9	34.6	17.35	17.11	16.64
Trade	357.50	350.75	347.60	32.5	31.8	31.6	11.00	11.03	11.00
Wholesale	587.66	582.74	575.14	40.5	40.3	38.6	14.51	14.46	14.90
Retail	308.92	303.71	299.50	30.8	30.1	30.1	10.03	10.09	9.95
Finance-Ins. & R.E	409.85	391.55	415.35	35.0	33.9	35.5	11.71	11.55	11.70

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

seen an increase of 400 state jobs over the year, while overall state employment has dropped by 100. The University saw the greatest rate of growth, with employment up 6.5% over the year. The greatest number of jobs were added in noneducational state employment, however, where 250 new employees were added since March of last year. Gains were divided between the University of Anchorage and other state agencies.

Summary

March employment data shows the Alaska economy beginning its normal springtime climb. Most of the increased activity occurred in manufacturing, lead by seafood processing and timber. Construction also posted substantial gains. In the next few months, more industries should show gains as other seasonal boosts like tourism affect the economy.

Table • 4

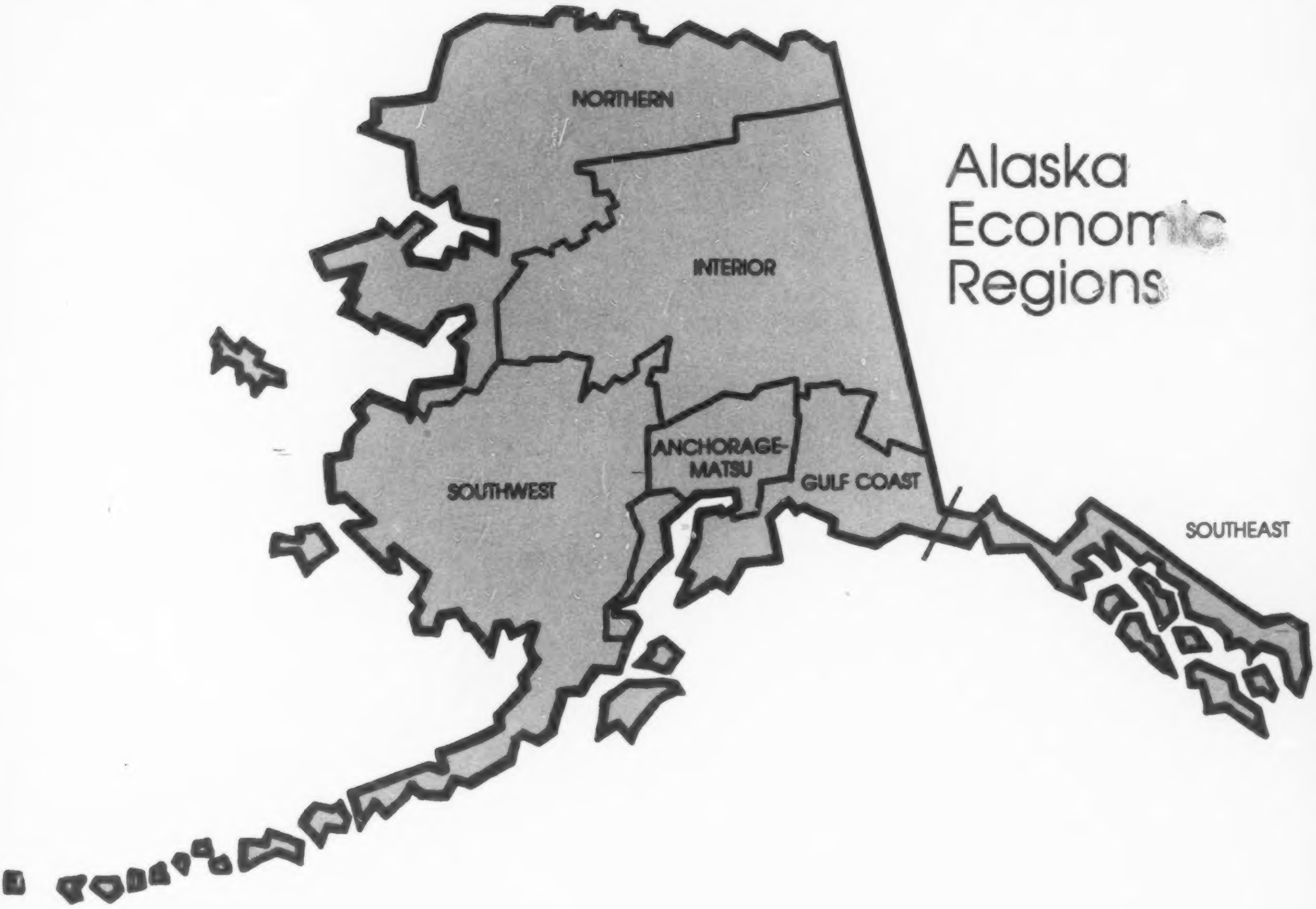
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90	p/ 3/91	r/ 2/91	3/90
Alaska Statewide	252,401	250,190	251,013	21,236	21,976	20,121	8.4	8.8	8.0	231,165	228,214	230,892
Anch.-MatSu Region	133,377	132,527	131,014	9,442	9,505	8,662	7.1	7.2	6.6	123,935	123,022	122,352
Municipality of Anchorage	117,697	116,485	115,836	7,333	7,218	6,556	6.2	6.2	5.7	110,364	109,267	109,280
MatSu Borough	15,680	16,042	15,178	2,109	2,287	2,106	13.5	14.3	13.9	13,571	13,755	13,072
Gulf Coast Region	28,407	27,567	28,970	3,292	3,460	3,495	11.6	12.6	12.1	25,115	24,107	25,475
Kenai Peninsula Borough	17,830	17,355	18,022	2,441	2,584	2,413	13.7	14.9	13.4	15,389	14,771	15,609
Kodiak Island Borough	6,121	5,931	6,286	257	303	338	4.2	5.1	5.4	5,864	5,628	5,948
Valdez-Cordova	4,456	4,281	4,662	594	573	744	13.3	13.4	16.0	3,862	3,708	3,918
Interior Region	34,747	34,726	34,910	3,969	4,184	3,727	11.4	12.0	10.7	30,778	30,542	31,183
Fairbanks North Star Bor.	29,949	29,899	29,927	3,262	3,416	2,889	10.9	11.4	9.7	26,687	26,483	27,038
Southeast Fairbanks	1,999	2,031	2,077	294	339	349	14.7	16.7	16.8	1,705	1,692	1,728
Yukon-Koyukuk	2,799	2,796	2,906	413	429	489	14.8	15.3	16.8	2,386	2,367	2,417
Northern Region	8,208	8,159	8,043	695	691	692	8.5	8.5	8.6	7,513	7,468	7,351
Nome	3,038	3,025	2,984	290	294	295	9.5	9.7	9.9	2,748	2,731	2,689
North Slope Borough	2,971	2,954	2,887	129	129	107	4.3	4.4	3.7	2,842	2,825	2,780
Northwest Arctic Borough	2,199	2,180	2,172	276	268	290	12.6	12.3	13.4	1,923	1,912	1,882
Southeast Region	34,468	34,154	34,855	3,090	3,433	2,827	9.0	10.1	8.1	31,378	30,721	32,028
Haines Borough	832	837	848	86	107	86	10.3	12.8	10.1	746	730	762
Juneau Borough	15,105	14,873	15,267	915	981	784	6.1	6.6	5.1	14,190	13,892	14,483
Ketchikan Gateway Bor.	6,490	6,509	6,589	675	816	654	10.4	12.5	9.9	5,815	5,693	5,935
Pr. of Wales-Outer Ketch.	2,657	2,641	2,716	343	375	354	12.9	14.2	13.0	2,314	2,266	2,362
Sitka Borough	3,964	3,924	4,020	268	305	247	6.8	7.8	6.1	3,696	3,619	3,773
Skagway-Yakutat-Angoon	1,819	1,793	1,791	374	378	316	20.6	21.1	17.6	1,445	1,415	1,475
Wrangell-Petersburg	3,601	3,577	3,624	429	471	386	11.9	13.2	10.7	3,172	3,106	3,238
Southwest Region	13,194	13,057	13,221	748	703	718	5.7	5.4	5.4	12,446	12,354	12,503
Aleutians East Borough	916	909	928	5	5	13	0.5	0.6	1.4	911	904	915
Aleutians West	2,575	2,557	2,602	23	23	38	0.9	0.9	1.5	2,552	2,534	2,564
Bethel	5,079	5,030	5,026	361	347	287	7.1	6.9	5.7	4,718	4,683	4,739
Bristol Bay Borough	523	519	517	42	41	34	8.0	7.9	6.6	481	478	483
Dillingham	2,390	2,369	2,422	136	132	158	5.7	5.6	6.5	2,254	2,237	2,264
Wade Hampton	1,711	1,673	1,726	181	155	188	10.6	9.3	10.9	1,530	1,518	1,538

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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STILL A LABOR SHORTAGE?

July 1991

COMPARING EMPLOYMENT 1970—1980—1990

UNEMPLOYMENT DROPS IN APRIL

ALASKA DEPARTMENT OF LABOR **WALTER J. HICKEL, GOVERNOR**

ALASKA ECONOMIC
TRENDS

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July 1991
Volume 11
Number 7

Alaska State
Employment Service

JOB SERVICE

UNEMPLOYMENT
INSURANCE

maintaining the foundation of economic security

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Cover design by Jim Fowler

MADE IN ALASKA

Is There Still A Labor Shortage In Alaska?

by Neal Fried

Neal Fried is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

In late 1988 Alaska's economy began on the road to a strong recovery. Help wanted ads decorated many a store front and filled many a newspaper page. Employers were often desperate to find enough workers.

This occurred because thousands of victims of the oil bust left Alaska during the previous three years for greener pastures. So when Alaska's employers began hiring again, workers were more difficult to find. Another reason was a change in demographics. The number of 15 to 24 year-olds, the prime age group for entry level type employment, was on the wane. Then the oil spill hit. During the summer of 1989, the oil spill cleanup effort created more than 7,000 jobs. It was a tough time for many employers and a good time for many Alaskan job seekers. Employment opportunities were plentiful after three lean years. Wages were beginning to rise, and unemployment rates fell to new lows.

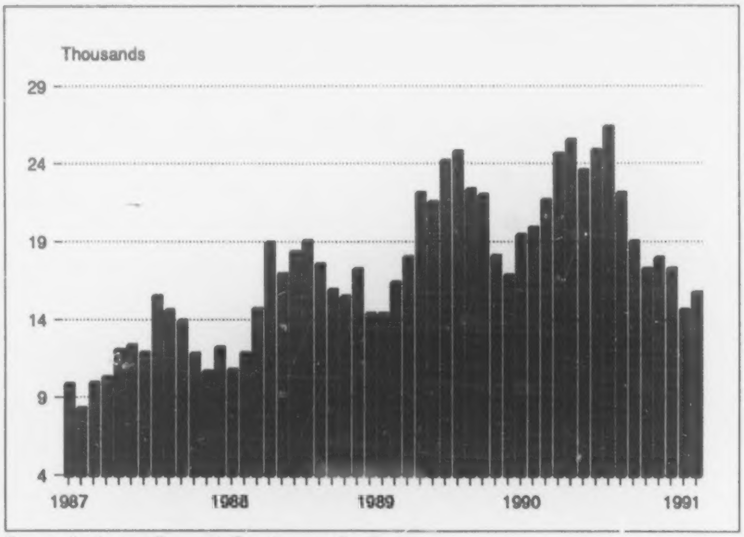
This picture began to change in late 1990. The unemployment rate began to creep upwards. The number of advertising inches in the help wanted section of Anchorage newspapers started to fall. (See Figure 1.) Most employers were having less difficulty finding qualified workers. The economy was, however, still in good shape. What was happening? Why was the labor market turning so quickly from a labor shortage condition to possibly a labor surplus?

Workers began moving back to Alaska

The national recession explained this almost overnight change. After seven years of record economic expansion, accompanied by an ever-tightening labor market, the national economy began to falter in mid-1990. Alaska escaped the recession. It did not escape from its effects, however. Many of the victims of the recession in the Lower 48 began looking to Alaska as a place of employment opportunities.

Figure • 1

Help Wanted Column Inches
Anchorage Times & Anchorage Daily News



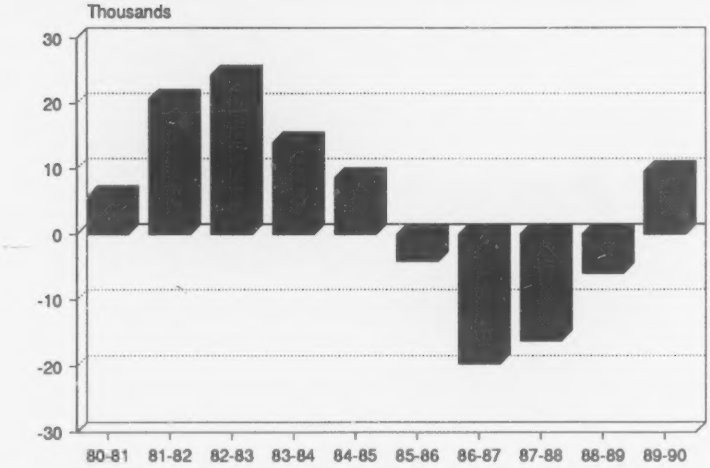
Source: Anchorage Economic Development Corporation.

It does not take many jobs seekers coming North to overwhelm the local labor market. For example, the labor force for the entire state of Alaska is less than a quarter of Seattle's.

Although employment continues to grow, Alaska's unemployment rate has crept up slightly from year ago levels. Employment is simply not growing fast enough to absorb all of the new entrants. In 1990 net migration to Alaska was positive for the first time in four years. (See Figure 2.) The number of job seekers collecting unemployment in Alaska against wages earned in another state has grown in 1991. (See Figure 3.) This is an indicator that Alaska is attracting a growing number of people who lost their jobs elsewhere in the country. Employers are spending less effort recruiting. Evidence of this is the decline in the number of help wanted inches over the past four months.

Figure • 2

Net Migration Trends of Alaska's Population



Source: Alaska Department of Labor, Research and Analysis Section.

The myth and reality of big paychecks lure workers north

Poor employment prospects elsewhere are pushing workers to Alaska. The perception of high wages in Alaska also attracts job seekers. This idea of high wages is part myth and part reality. Alaska does enjoy the highest annual average wage in the nation. Alaskan's incomes over the past two years have risen considerably compared to the rest of the nation. It is a myth, however, that there are big paychecks for anyone who wants to work, regardless of skills.

The relative cost of living has also become less prohibitive. Many people know this; and people simply know more about Alaska.

For the above reasons, Alaska has become a magnet for job seekers. This caused the shortage picture to change radically from 1989, when this issue was last visited. (See December 1989 *Alaska Economic Trends*.)

Fewer Alaskans are leaving the state, deepening the available labor force pool. The national recession has made the employment prospects in the Lower 48 unattractive to workers thinking about leaving the state.

Survey shows there are fewer shortages

Two years ago the Alaska Department of Labor, Research & Analysis Section, conducted a survey of 100 randomly selected employers. At that time more than half of those employers reported shortages. A similar survey was taken again this year using the same employers; less than a third of them reported any shortages. Only 10% of the employers surveyed felt they had fewer applicants to choose from than they did a year earlier. A vast majority felt they had more.

The list of shortage occupations the employers identified was also considerably shorter and less diverse this year. Table 1 shows a partial list of the occupations identified by these employers. Employment Service Offices around the state added to this list. In addition, information from several universities and vocational schools rounded out the list.

These occupational shortages don't necessarily exist all over the state. In most of rural Alaska the biggest problem is labor surpluses. Nearly all of the identified shortage occupations are in urban Alaska. Shortages in the medical fields, however, exist in both rural and urban Alaska.

Low wages, fewer youth cause some occupational shortages

Lower-paying service, retail and food service jobs continue to be the largest group of hard-to-fill jobs. They are usually low paying and often part-time. Turnover is very high. Part of the problem in filling these jobs is also demographic. Figure 4 illustrates that one of the prime sources for recruits for these jobs, Alaska youth, has declined during the past decade. At the same time, the number of retail trade jobs has increased dramatically. (See Figure 5.)

The health care field remains one of the largest occupational groups with shortages. Shortages of employees in the medical fields will persist into the near future. Shortages in health care are not unique to Alaska, but instead are a national phenomenon. The demand for these hard-to-fill medical occupations is growing more rapidly than the supply. Training is often lengthy and technical, and sometimes wages are too low to attract enough workers into these occupations. The forecasted demand for trained medical services personnel will continue to outstrip the supply.

It is harder to declare a shortage in mechanical occupations. Some scarcities exist only during part of the year. For example, during the winter there are usually enough heavy equipment and aircraft mechanics. When summer rolls around, however, many employers have difficulty finding enough qualified applicants. For auto mechanics, a shortage may only apply to mechanics with strong computer analysis backgrounds who are Inspection/Maintenance certified (for emission control).

Engineers dominate the shortage list in the professional and technical fields. For example, there will be approximately 1,000 openings for petroleum engineers in the country in 1991 but only 300 new graduates. The national recession may ease Alaska's shortage for some of these engineers. It is also important to remember that some of the occupational groups are small. For example, only 70 safety engineer positions exist in Alaska.

Some of the skilled construction trades nearly made this list. For several years many of the unions had no or only a few apprenticeship openings because of the poor performance of the industry. Recently, as the picture has improved, many of the unions are boosting their apprenticeship enrollments. Shortages that do occur in these occupations are seasonal. During the winter many skilled craftspeople are out of work. During the past two summers, however, many employers had trouble finding qualified skilled craftspeople.

Some shortages will vanish; others will persist

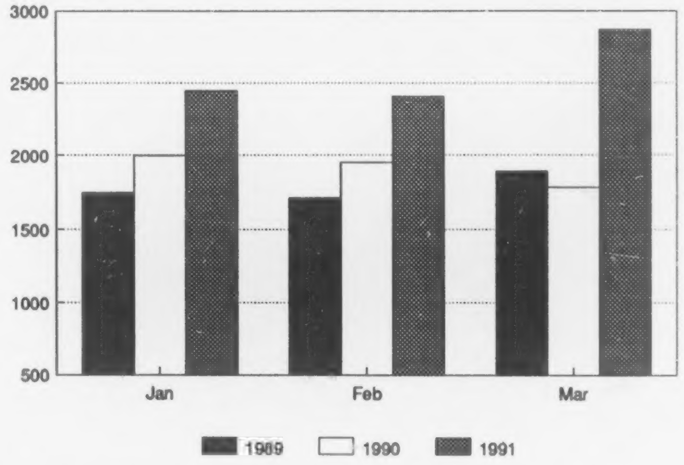
Some shortages will simply vanish as more job seekers come North looking for work. The new arrivals come with a variety of skills. The national recession is affecting all of the professions, from the most highly trained and skilled workers to the unskilled.

Shortages of skilled craftspeople, engineers and mechanics may vanish or become less prevalent in 1991 as these job seekers make their way North. The

continued on page 5

Figure • 3

Alaska Unemployment Claims on Out-of-State Wages



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

A Partial List of Shortage Occupations

Service Industry
Baby-sitter
Baker
Cashier
Cook (and All Other Restaurant Help)
Day Care Provider
Floral Designer
Housekeeper
Maid
Sales Clerk
Salesperson
Security Guard

Transportation
Auto Body Repairer
Mechanic, Aircraft
Mechanic, Auto I/M certified
Mechanic, Heavy Equipment

Clerical
Teller
Word Processor 70 WPM

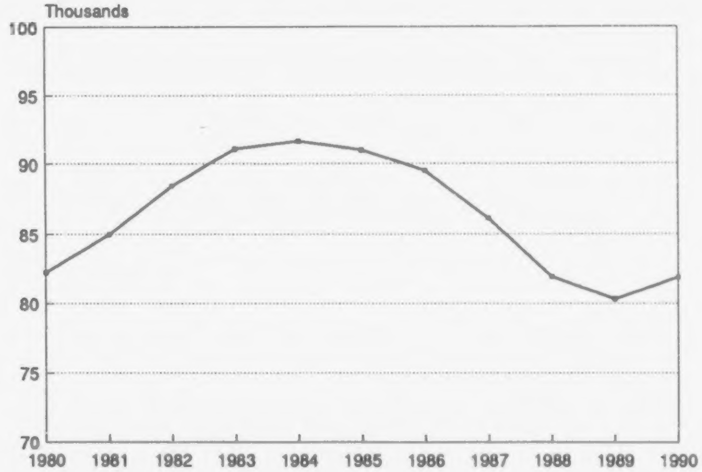
Health Care Field
Dental Assistant
Medical Assistant
Medical Technologist
Nurse, Licensed Practical
Nurse, Registered
Physical Therapist
Occupational Therapist
Respiratory Therapist

Professional and Technical
Civil Engineer
Mining Engineer
Petroleum Engineer
Environmental Engineer
Substance Abuse Counselor with Degree
Computer Programmer
Systems Analyst

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 4

Alaska's 15-24 Year Old Population



Source: Alaska Department of Labor, Research and Analysis Section.

national recession has hit the construction and manufacturing industries particularly hard. This in turn may mean a disproportionate number of the new arrivals will have crafts or engineering skills.

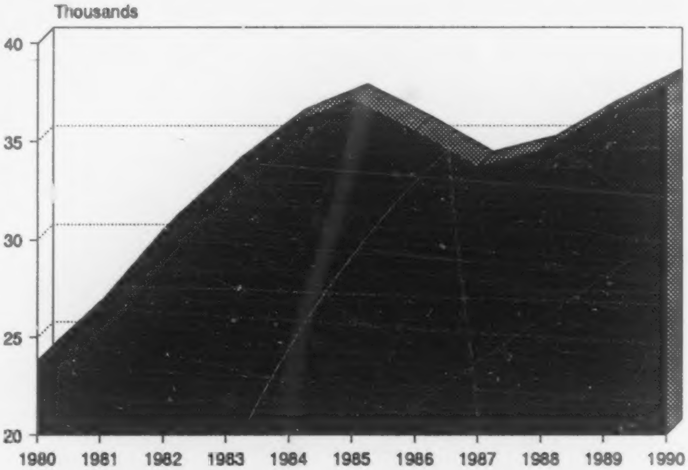
On the other hand, shortages of employees to fill the low-paying, part-time retail and services jobs will persist. Shortages may ease somewhat as many of the new entrants into the labor market take these jobs as a temporary step until they find better-paying full-time work.

Are there solutions?

Solutions to most shortage occupations usually present themselves. Higher wages, in-migration, training programs, increased recruitment and better labor market information eventually solve these problems.

Figure • 5

Alaska's Retail Trade Employment



Source: Alaska Department of Labor, Research and Analysis Section.

When shortages persist, as in the medical fields, other solutions may be necessary. These include more flexible work schedules, labor-saving technology, training incentives, and lowering entry requirements. Higher wages and heavy recruitment are also a part of the solution.

Except for the medical field, occupational shortages are not critical in Alaska's present labor market. Characterizing shortages as a problem may be misleading. It is easier to find solutions to labor shortages than to find solutions to unemployment.

Summary: Alaska's labor market suffers from few shortages

A tight labor market accompanied Alaska's economic recovery in late 1988. Many workers had left as a result of the oil revenue bust. When employers started hiring again they often found it difficult to locate workers. The shortage phase of the recovery is now winding up. Few employers complain any more about a lack of workers.

The national recession mainly caused this change in the labor market. Workers started moving to Alaska in 1990, after an out-migration the four previous years. Alaskans are also less likely now to leave the state because of the dismal employment opportunities that exist in most of the rest of the nation.

In a survey, employers reported far fewer instances of shortages than they did in 1989. Of those occupations they did identify, the biggest group belong to the low-paying retail and service jobs. Medical-related occupations were also a large group. Some of these shortages will evaporate as more job seekers arrive. Some will persist. In the near future, Alaska may be wrestling with a labor surplus problem in the place of shortages. How severe this problem will become will depend on the depth and length of the national recession and the continued health of Alaska's economy.

Comparing Employment in 1970, 1980 and 1990

by John Boucher

John Boucher is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Alaska's economy has changed dramatically in the last twenty years. Since 1970, Alaska has grown into the largest oil producer in the U.S. The oil industry's ascendance in Alaska's economy has had profound impacts on Alaskan employment. Employment growth in Alaska's oil industry was one result. Taxation of the oil industry also created secondary employment effects as wealth accumulated to the state and its residents.

Alaska's rise as a major oil producer, however, wasn't the only change in Alaska's economy during the last twenty years. Other differences exist which are more subtle. Some of the changes are even surprising. Many employment changes can be attributed to Alaska's economy maturing. National or world economic events explain other changes in Alaskan employment.

Most articles in *Alaska Economic Trends* focus on current economic events. This article takes a longer view of Alaska's employment scene. Examining a longer period can provide insight into trends that might not be obvious from current data. And looking at a longer period can answer questions about how events have shaped the state's economy.

Alaska 1970: an underdeveloped, government based economy

Comparing Alaska's employment patterns to the nation's employment patterns revals Alaska's economic strengths and weaknesses. (See side bar on shift-share analysis on page 13.) In 1970, nearly 40% of all wage and salary jobs in Alaska were in the public sector. Nationwide, the public sector made up less than 18% of all employment. (See Figure 1.)

About half of the public sector jobs in Alaska, or 18.5% of all wage and salary jobs, were with the federal government. In comparison, less than four percent of all wage and salary jobs nationwide were in the federal government. (See Table 1.) The federal government employed over 17,000 Alaskans, more than any other industry in the state. (This figure excludes members of the uniformed armed services.)

The public sector, particularly the federal government, was the dominant force on the Alaska employment scene in 1970. On the other hand, Alaska's private sector was significantly underdeveloped. Alaska's manufacturing, trade and service industries were particularly underdeveloped compared to the rest of the nation.

Private sector strengths: oil, transportation, construction, wood and seafood products

Despite a smaller private sector than the rest of the nation, several industries were prominent employers in Alaska. Even in 1970, before full development of North Slope oil production, Alaskans were seven times more likely to have a job in the oil and gas industry than they were elsewhere in the nation.

The air transportation industry played a larger role in Alaska's economy than it did elsewhere, employing Alaskans at a rate six times greater than the national average. In fact, most sectors of the transportation industry were more important employers in Alaska than nationally. The construction, wood products and seafood processing industries were also prominent employers in Alaska's economy.

Growth patterns 1970-80: Alaska's private sector emerges

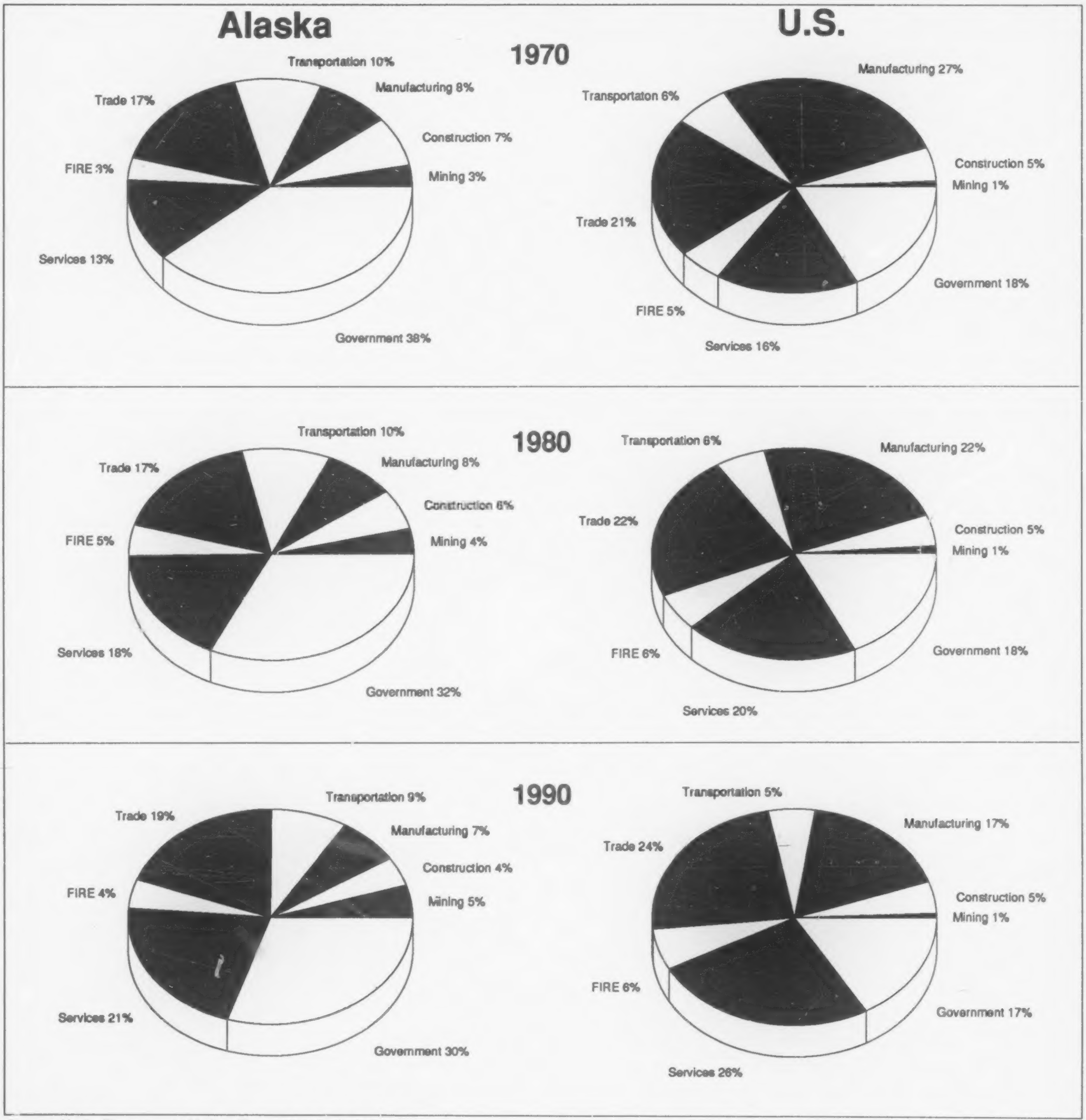
From 1970 to 1980 Alaskan employment growth outperformed national employment growth in every major industry category except federal government. On average, Alaska created jobs three times faster than the national economy.

During the 1970s, Alaska's public sector became a less prominent employer. The decline of the federal government as the major employer played a large role in this change. While total wage and salary employment increased 84%, federal government

continued on page 9

Figure • 1

Alaska & U.S. Employment by Industry



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Nonagricultural Wage and Employment U.S. & Alaska 1970, 1980 & 1990

	US 1970	Industry Percent of Total	US 1980	Industry Percent of Total	% US Growth 1970-80	US 1990	Industry Percent of Total	% US Growth 1980-90
Total Nonag. Wage & Salary	70,880,000	100.0	90,406,000	100.0	27.5	110,323,000	100.0	22.0
Private	58,325,000	82.3	74,166,000	82.0	27.2	92,031,000	83.4	24.1
Goods-producing	23,578,000	33.3	25,658,000	28.4	8.8	25,002,000	22.7	-2.6
Mining	623,000	0.9	1,027,000	1.1	64.8	735,000	0.7	-28.4
Oil & Gas Extraction	270,100	0.4	559,700	0.6	107.2	408,200	0.4	-27.1
Construction	3,588,000	5.1	4,346,000	4.8	21.1	5,204,000	4.7	19.7
Manufacturing	19,367,000	27.3	20,285,000	22.4	4.7	19,063,000	17.3	-6.0
Durable Goods	11,208,000	15.8	12,187,000	13.5	8.7	11,124,000	10.1	-8.7
Lumber & Wood Products	645,500	0.9	690,500	0.8	7.0	739,200	0.7	7.1
Nondurable Goods	8,158,000	11.5	8,098,000	9.0	-0.7	7,941,000	7.2	-1.9
Food & Kindred Products	1,786,200	2.5	1,708,000	1.9	-4.4	1,649,900	1.5	-3.4
Service-producing	47,302,000	66.7	64,748,000	71.6	36.9	85,320,000	77.3	31.8
Transportation	4,515,000	6.4	5,146,000	5.7	14.0	5,839,000	5.3	13.5
Trucking & Warehousing	1,082,600	1.5	1,280,200	1.4	18.3	1,655,900	1.5	29.3
Water Transportation	212,300	0.3	211,200	0.2	-0.5	172,500	0.2	-18.3
Air Transportation	351,700	0.5	453,400	0.5	28.9	789,300	0.7	74.1
Communications	1,129,400	1.6	1,357,000	1.5	20.2	1,275,800	1.2	-6.0
Trade	15,040,000	21.2	20,310,000	22.5	35.0	26,150,000	23.7	28.8
Wholesale	4,006,000	5.7	5,292,000	5.9	32.1	6,361,000	5.8	20.2
Retail	11,034,000	15.6	15,018,000	16.6	36.1	19,789,000	17.9	31.8
Gen. Merch. & Apparel 1/	2,766,500	3.9	3,203,300	3.5	15.8	3,308,400	3.0	3.2
Food Stores	1,730,600	2.4	2,202,200	2.4	27.3	3,294,700	3.0	49.6
Eating & Drinking Places	2,574,600	3.6	4,625,800	5.1	79.7	6,598,700	6.0	42.6
Finance-Ins. & Real Estate	3,645,000	5.1	5,160,000	5.7	41.6	6,832,000	6.2	32.4
Services & Misc.	11,548,000	16.3	17,890,000	19.8	54.9	28,208,000	25.6	57.7
Government	12,554,000	17.7	16,241,000	18.0	29.4	18,292,000	16.6	12.6
Federal	2,731,000	3.9	2,866,000	3.2	4.9	3,086,000	2.8	7.7
State	2,664,000	3.8	3,610,000	4.0	35.5	4,284,000	3.9	18.7
Local	7,158,000	10.1	9,765,000	10.8	36.4	10,922,000	9.9	11.8

	Alaska 1970	Industry Percent of Total	Alaska 1980	Industry Percent of Total	% Alaska Growth 1970-80	Alaska 1990	Industry Percent of Total	% Alaska Growth 1980-90
Total Nonag. Wage & Salary	92,467	100.0	170,927	100.0	84.8	237,160	100.0	38.7
Private	56,917	61.5	116,157	67.9	104.1	166,321	70.1	43.2
Goods-producing	17,725	19.2	31,259	18.3	76.4	38,653	16.3	23.7
Mining	2,994	3.2	6,672	3.9	122.8	11,474	4.8	72.0
Oil & Gas Extraction	2,640	2.9	6,159	3.6	133.3	10,260	4.3	66.6
Construction	6,893	7.5	10,610	6.2	53.9	10,518	4.4	-0.9
Manufacturing	7,838	8.5	13,977	8.2	78.3	16,661	7.0	19.2
Durable Goods	2,207	2.4	3,415	2.0	54.7	3,821	1.6	11.9
Lumber & Wood Products	1,742	1.9	2,469	1.4	41.7	3,003	1.3	21.6
Nondurable Goods	5,631	6.1	10,562	6.2	87.6	12,840	5.4	21.6
Food & Kindred Products	3,740	4.0	7,809	4.6	108.8	9,073	3.8	16.2
Service-producing	74,742	80.8	139,668	81.7	86.9	198,508	83.7	42.1
Transportation	9,109	9.9	17,157	10.0	88.4	20,483	8.6	19.4
Trucking & Warehousing	1,656	1.8	2,034	1.2	22.8	2,589	1.1	27.3
Water Transportation	830	0.9	1,392	0.8	67.7	1,393	0.6	0.1
Air Transportation	3,070	3.3	5,213	3.0	69.8	6,582	2.8	26.3
Communications	1,854	2.0	4,383	2.6	136.4	3,329	1.4	-24.0
Trade	15,357	16.6	29,393	17.2	91.4	46,093	19.4	56.8
Wholesale	3,244	3.5	5,526	3.2	70.3	8,165	3.4	47.8
Retail	12,113	13.1	23,867	14.0	97.0	37,928	16.0	58.9
Gen. Merch. & Apparel 1/	3,353	3.6	3,258	1.9	-2.8	4,243	1.8	30.2
Food Stores	1,714	1.9	3,711	2.2	116.5	6,609	2.8	78.1
Eating & Drinking Places	2,796	3.0	7,991	4.7	185.8	13,240	5.6	65.7
Finance-Ins. & Real Estate	3,098	3.4	8,126	4.8	162.3	10,247	4.3	26.1
Services & Misc.	11,628	12.6	30,222	17.7	159.9	50,846	21.4	68.2
Government	35,550	38.5	54,770	32.0	54.1	70,839	29.9	29.3
Federal	17,111	18.5	17,720	10.4	3.6	18,697	7.9	5.5
State	10,363	11.2	15,413	9.0	48.7	21,396	9.0	38.8
Local	8,076	8.7	21,637	12.7	167.9	30,747	13.0	42.1

1/ 1970 data not strictly comparable due to industry coding change. Numbers may not add due to rounding.

Sources: U.S. Department of Labor, Bureau of Labor Statistics. Alaska Department of Labor, Research & Analysis Section.

employment grew 3.6%. This decreased the federal share of Alaska's wage and salary employment from 18.5% to 10.4%.

High wages caused population boom & private sector growth

Meanwhile, private sector wage and salary employment more than doubled during the 1970s- led by high growth rates in the services, financial, mining and retail trade industries. The overriding reason for private sector growth was a population boom that accompanied construction of the Trans-Alaska pipeline during the mid-1970s. From 1970 to 1980 Alaska's population grew 36%- or more than 110,000 people.

A big factor in the population increase was in-migration that occurred during construction of the Trans-Alaska pipeline. The population influx was caused by high wages that pipeline construction firms paid to attract the large labor pool necessary to complete the project.

The high wages paid by pipeline firms drove up wages throughout the state. The combination of high pipeline wages and rising wages in other industries attracted about 50,000 new residents to Alaska in 1975 and 1976 alone.

Changes in per capita income during the 1970s illustrate the effect the pipeline had on Alaskans' incomes. In 1970, Alaska's per capita income was 25% above the national average. During 1976, the peak of pipeline construction, per capita income was 74% above the national average. Even though per capita income fell to 40% above the national average by 1980, a good portion of the people who moved to Alaska in the 1970s remained in the state. From 1970 to 1980 the state's population grew nearly 50,000 due to in-migration.

These new residents, plus the 50,000+ population growth due to natural increase during the 1970s, increased demand for consumer goods and services. Higher incomes meant that Alaska's population could afford more consumer goods and services than they could in 1970. Additionally, Alaska had a relatively underdeveloped retail trade and service sector. These factors combined to cause the explosive employment growth in the trade and service industries.

Native corporations a new factor in finance sector

Alaska's financial sector was affected by more than population and income growth. Another factor was the emergence of a new employment entity—Alaska's regional and village Native corporations. Early in the 1970s employment in Alaska's Native corporations was nonexistent. By the end of the decade they had become important employers in Alaska's financial sector.

Local government an exception to slower public sector growth

Between 1970 and 1980 local government employment expanded extensively. Local governments added employees faster than any other sector of the economy, except eating and drinking establishments. One reason local government employment grew so fast was that the population boom increased demand on local government services. This meant more local government employees like school teachers, firemen and snowplow drivers. An increased tax base due to larger populations and higher property values helped finance local government employment growth. Also, in 1969 the state government established a state-financed program which paid local governments to provide basic services like police protection and road maintenance. This money, as well as the municipal assistance program that began in 1978, boosted local government employment. (See Figure 2.)

Oil revenue flow softened pipeline letdown

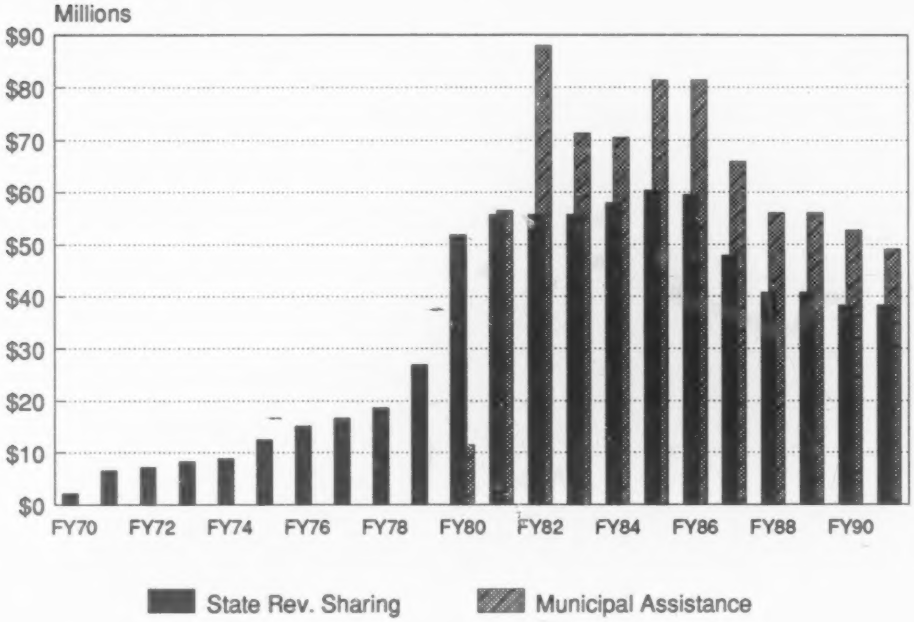
The effects of oil revenue went beyond creating more local government employment. After the pipeline's construction, the economy experienced a lull that lasted a couple of years. (See Figure 3.) Oil revenue began to accrue to the state government, and distribution of that revenue to residents through state spending and tax relief cushioned what could have been a more dramatic fall in wage and salary employment.

1980-1990: A turbulent decade

From 1980 to 1990 the pace of employment growth in Alaska slowed significantly. A devastating recession contributed to the slowdown by dropping Alaskan employment by 20,000 jobs from 1986 to 1988.

Figure • 2

State Revenue Sharing and Municipal Assistance FY 70-FY 91



Source: Alaska Department of Community and Regional Affairs.

Despite the recession, Alaskan employment grew nearly twice as fast as national employment during the 1980s. In 1990, the state reached an all-time high in total wage and salary employment. During the decade, Alaska outperformed the national employment growth rate in all but five industries.

Federal and construction employment declined

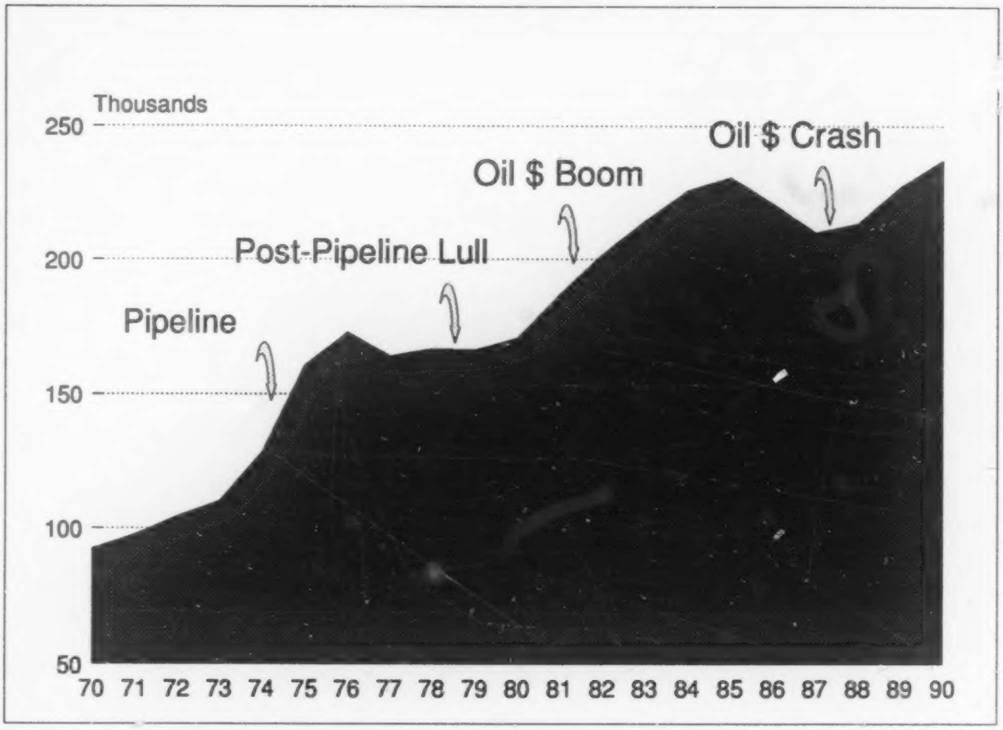
Some employment growth trends established in the 1970s continued into the 1980s, while other new trends emerged. For example, federal government continued to decline during the 1980s. Other industries also became less significant employers on the Alaskan employment scene.

The most dramatic employment decline of the 1980s occurred in Alaska's construction industry. Construction was one of two industries which had fewer jobs available in 1990 than in 1980. In comparison, total Alaskan employment grew 38% and nationwide the construction industry grew nearly 20%. While construction had less employment in 1990 than 1980, the industry was a big source of wage and salary employment in Alaska in the first half of the 1980s. In 1984 more than 9% of all of Alaska's wage and salary employment was in the construction industry. By the end of the decade that number fell below 4.5%.

Many factors contributed to the rise and fall of construction employment in Alaska during the 1980s. The biggest factor was the huge amount of money invested in construction projects. Beginning in 1986, the markets and money for construction projects started drying up. The result was a major contraction in Alaskan construction industry employment.

Figure • 3

Alaska Employment: 1970-1990



Source: Alaska Department of Labor, Research and Analysis Section.

Construction bust rippled into financial sector

This contraction in construction employment preceded trouble in Alaska's financial sector. While financial employment grew from 1980 to 1990, it experienced a major contraction in the late 1980s following the bust in construction. Bad construction loans and depressed property values caused failures and consolidations of many Alaskan financial institutions. This was the main reason why the financial sector grew slower in Alaska than in the rest of the nation during the 1980s.

Communications automates and consolidates

The communications industry did not perform well in Alaska during the 1980s. Employment in this industry shrank nationally, but it fell even more in Alaska. Automation of the communications industry explains most of the employment drop. Alaska was hit particularly hard as remote radar stations downsized their work forces due to more sophisticated electronic equipment.

Hard rock mining, oil, services, and trade grew fastest in 1980s

Some industries which led Alaska's employment growth in the 1970s continued to pace employment growth in the 1980s. New industries also emerged as engines for employment growth.

Hard rock mining emerged as a new source of employment growth for Alaska. Two mine openings late in the decade and a resurgence of interest in Alaska's minerals pushed hard rock mining to the top of the list of fastest growing industries (on a percentage basis) in the 1980s. The oil and gas portion of the mining industry was Alaska's second fastest growing industry. These two industries bucked a nationwide trend of employment declines in mining. Nationwide, employment in these two industries fell almost 30% while Alaska's mining employment grew more than 70%.

The services industry had the third fastest employment growth rate in Alaska during the 1980s. Several factors explain the expansion in Alaska's services industry. First, the services sector was the fastest growing segment of the national economy during the 1980s- so the national trend explains much of the growth in Alaska. Other factors, like the expansion of Alaska's tourism industry, population growth and the relatively high incomes of Alaskans also contributed to services employment growth.

Retail trade employment, led by food stores and eating and drinking establishments, followed services as the next fastest growth industry in Alaska during the 1980s. The reasons for trade's growth in the 1980s were the same as they were in the 1970s- population increases, higher-than-average incomes and a relatively underdeveloped retail sector.

Wood products, seafood led manufacturing growth

Growth in Alaska's seafood processing and wood products sectors during the 1980s helped increase the prominence of manufacturing employment in Alaska. Even so, Alaska's manufacturing industry remained underdeveloped compared to the rest of the nation.

The biggest development in Alaska's seafood industry during the decade was "Americanization" of Alaska's bottomfishery. When federal legislation phased out foreign bottomfishing in Alaska's waters, the seafood processing industry in Southwest Alaska experienced explosive employment growth. A rebound in the world market for wood products and the arrival of Alaska's Native corporations as major suppliers of timber spurred Alaska's wood products employment growth in the 1980s.

What might Alaskan employment look like ten years from now?

A look in the rear view mirror can show you where you've been, but in the case of Alaskan employment, it also hints where Alaska might be in the year 2000.

The oil industry has been the rising star in Alaska during the last twenty years. Projections for the year 2000 show that oil production from Alaska's North Slope will be significantly less than it is now. Falling production, however, doesn't necessarily translate into less oil industry employment- in fact the opposite is often the case. A. an oil field gets older, more wells (and employees) are needed to keep production levels as high as possible. The possibility of a natural gas pipeline or development of the Arctic National Wildlife Refuge makes the oil industry a likely candidate as a driving force for employment growth in the 1990s.

If a good portion of the mining projects now in the exploration and development phase come to fruition, the 1990s may see a boom reminiscent of 1890s in the hard rock mining industry. If a mining boom occurs, hard rock mining has the potential to be an employment growth leader in the 1990s.

Alaska's services industry should continue growing during the next decade. No slowdown of the national movement toward a more service-oriented economy is evident, and Alaskan services employment should benefit from that trend. Growth in Alaska's tourism industry will stimulate employment growth in some sectors of the services industry. Hotel and lodging place employment will continue to grow as Alaska's tourism industry grows. Other sectors of services will grow due to different factors. For example medical care and health services should grow as Alaska's population ages.

Alaska's small market limits growth potential in some industries. For example, wholesale trade employment in Alaska is unlikely to match the prominence it has nationally. Seattle wholesalers are a significant factor in the wholesale trade industry in

Alaska and they will continue to be in the future. Alaska's retail trade sector is not as underdeveloped now as it was in 1970, so retail trade growth will probably slow during the 1990s.

Alaska's manufacturing industry has potential to develop, but don't expect Alaska to have a car, steel or textile manufacturing industry anytime soon. Alaska's potential for manufacturing employment growth will continue to be value-added processing of its natural resources. Alaskan oil, minerals, fish and timber will play central roles in any employment growth in 1990s. Potential does exist for a light manufacturing sector to develop around Anchorage's air freight industry. This could be a new source of employment growth for the manufacturing industry during the 1990s.

Alaska's public sector is likely to continue to shrink in prominence during the next ten years. State and local government employment both face financial uncertainty because of projected oil revenue declines. Expected revenue from Alaska's oil industry should drop off significantly by the year 2000. While there is the possibility of postponing revenue declines through many scenarios, state government will downsize unless the state finds an alternate revenue source. The same is true of local governments because they are dependent upon state revenue for a significant portion of their budgets.

Summary: You've come a long way Alaska

Alaska's economy made great progress in the last twenty years. The state has changed since 1970 when the federal government was the largest industry and most of the private sector was underdeveloped. In 1990, Alaska's public sector still plays a large role in Alaska's economy, but state and local governments have taken on larger roles as the federal government fell from prominence. In the meantime, Alaska's private sector, paced by the oil industry and growth in trade and services, has flourished.

The recent past shows that most of Alaska's private sector development has been resource-based. And while Alaska's economy is changing gradually- particularly in the development of the tourism and air freight industries- natural resource development will be a key ingredient to private sector employment growth in Alaska into the next century.

Shift-Share Analysis

Examining employment growth in Alaska's economy can be accomplished by many different methods, but this study relies on a technique known as shift-share analysis.

The shift-share technique attempts to separate employment growth into three components. One component—the national growth component—is that portion of a region's growth caused by general growth in the national economy. For example, if the nation's employment is growing, shift-share analysis assumes that the national employment growth should have a positive impact on employment growth in Alaska.

A second component that explains a region's employment growth is called industrial mix. This component measures the portion of Alaska's employment change attributable to employment shifts among industries present in the region. For example, if Alaska has a large concentration of fast-growing industries, then Alaska would be expected to grow faster than a region which has a concentration of slower-growing industries.

The third component is the local performance factor. This component describes the extent to which local economic conditions contribute to the growth or decline of employment in a particular industry. The local factor component is a residual- it is arrived at by subtracting the expected national growth component and industry mix components from the region's actual growth.

Unemployment Drops in April

by John Boucher

Alaska's statewide unemployment rate moved sharply downward in April, falling more than a percentage point to 7.0%. The 7.0% rate meant that just over 18,000 Alaskans were unemployed in April, 3,200 fewer unemployed than in March. April was the first time since early 1990 that the statewide rate was significantly below the year ago unemployment rate. (See Table 4.)

While Alaska's unemployment rate dropped dramatically, other data suggest the economy has not made such a striking improvement. For example, unemployment insurance claims this April are significantly higher than they were last April. (See Figure 1.) These figures represent unemployment insurance benefit weeks paid to individuals during the month. It is an excellent indicator of unemployment among the labor force covered by unemployment insurance.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

				Changes from:	
	p/ 4/91	r/ 3/91	4/90	3/91	4/90
Total Nonag. Wage & Salary	237,000	230,000	232,700	7,000	4,300
Goods-producing	38,100	34,900	37,200	3,200	900
Mining	11,700	11,600	10,700	100	1,000
Construction	9,100	8,300	9,300	800	-200
Manufacturing	17,300	15,000	17,200	2,300	100
Durable Goods	3,500	3,100	4,100	400	-600
Lumber & Wood Products	2,700	2,400	3,300	300	-600
Nondurable Goods	13,800	11,900	13,100	1,900	700
Seafood Processing	9,800	8,100	9,400	1,700	400
Pulp Mills	900	900	900	0	0
Service-producing	198,900	195,100	195,500	3,800	3,400
Transportation	19,900	19,400	19,200	500	700
Trucking & Warehousing	2,500	2,400	2,400	100	100
Water Transportation	1,200	1,200	1,200	0	0
Air Transportation	6,300	6,200	6,300	100	0
Communications	3,500	3,400	3,200	100	300
Trade	45,500	44,100	44,300	1,400	1,200
Wholesale Trade	8,400	8,000	7,900	400	500
Retail Trade	37,100	36,100	36,400	1,000	700
Gen. Merch. & Apparel	5,700	5,500	5,400	200	300
Food Stores	6,500	6,500	6,400	0	100
Eating & Drinking Places	12,800	12,200	12,800	600	0
Finance-Ins. & Real Estate	10,300	10,200	10,100	100	200
Services & Misc.	50,800	50,000	49,400	800	1,400
Hotels & Lodging Places	4,900	4,700	4,800	200	100
Government	72,400	71,400	72,500	1,000	-100
Federal	18,100	17,800	18,700	300	-600
State	22,100	21,800	21,900	300	200
Local	32,200	31,800	31,900	400	300

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates　　r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Unemployment claims data wasn't the only sign which contradicts the statewide unemployment rate. Nonagricultural wage and salary employment growth has slowed since last April. One year ago, statewide wage and salary employment showed an over-the-year growth rate of 6.2%. This April, wage and salary employment is only 1.8% above last April. (See Table 1.)

Lower national unemployment rate could benefit Alaska

The national unemployment rate improved in April moving from 7.1% to 6.5% (civilian not seasonally adjusted). If the national unemployment rate continues to improve, Alaska's unemployment picture could reap some benefit. Since the onset of the national recession, jobseekers have flocked to Alaska. The result of this in-migration has been upward pressure on the unemployment rate of Alaska's small labor market. If the national employment picture improves it could stem the tide of newcomers and ease some upward pressure on Alaska's jobless rate.

While the national employment picture is important, economies in the western U.S. have the biggest influence on in-migration to Alaska. When in-migration occurs, it tends to be from Washington, Oregon and California. One thing unusual about the recent national recession is that California did not avoid the downturn like it has previously. Jobseekers from California, the largest labor market in the nation, are more likely than before to look to Alaska for employment prospects. (See Figure 2.)

Coastal regions lead April job growth

In April, Alaska's coastal regions led the state out of the winter employment slump. The Gulf Coast, Southeast and Southwest regions of the state accounted for more than half of the 7,000 additional jobs available. This is a large percentage considering these three regions make up less than a third of the state's total employment.

The Gulf Coast was the fastest growing region during April, posting 8.1% job growth. The addition of nearly 1,000 seafood processing jobs was the primary reason for the jump in Gulf Coast employment. Gulf Coast processors added employees to handle cod and herring openings in April. These spring fisheries mark the beginning of a frenzied summer for Alaska's seafood processors culminating with salmon processing in June, July and August.

The retail and service industries also geared up for summer. Eating and drinking establishments added more than 200 employees and hotels and lodging places contributed nearly 100 additional jobs.

April's employment picture in Gulf Coast was not all positive. Construction employment declined compared to last year, primarily because the Bradley Lake hydroelectric dam project is nearly complete. There are fewer local government jobs in many of the region's communities than last April. Last April many of the region's local governments had some oil spill-related employment.

Southeast Alaska added jobs at the second-fastest rate in April growing at a 4.7% clip. Like Gulf Coast, seafood processing was pivotal to boosting the region's total employment.

The timber industry contributed to Southeast's job gain as logging operations began opening up for the summer. Despite the seasonal increase of logging jobs in April, a struggling timber industry is a big reason why Southeast posted employment declines compared to last April. There were nearly 500 fewer logging jobs in Southeast Alaska this April than in April 1990. The industry's problems are spreading out from the logging sector: one sawmill recently cut back hours and laid off about 10% of their work force. Operators cited a lack of logs as the cause for scaling back operations.

Construction contributed to April's employment gains in Southeast. Juneau is teeming with construction activity. On the commercial side, work on the Department of Environmental Conservation building, the JC Penney mall remodel, the Federal Building asbestos abatement project, and a remodel of the Department of Transportation headquarters are the

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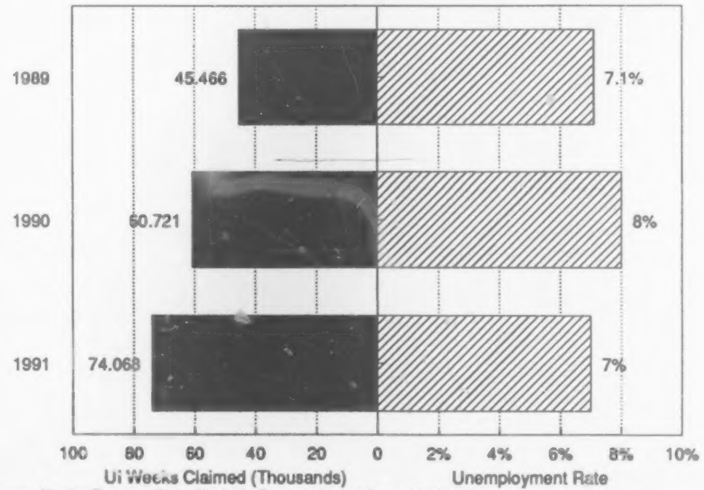
Figure • 1

UI Claims Contradict Unemployment Rate



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment
By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	4/91	3/91	4/90	3/91	4/90
Total Nonag. Wage & Salary	111,700	110,650	108,400	1,050	3,300
Goods-producing	11,600	11,150	11,150	450	450
Mining	4,200	4,300	3,850	-100	350
Construction	5,000	4,800	5,000	200	0
Manufacturing	2,400	2,050	2,300	350	100
Service-producing	100,100	99,500	97,250	600	2,850
Transportation	10,850	10,850	10,500	0	350
Trucking & Warehousing	1,450	1,450	1,450	0	0
Water Transportation	300	300	300	0	0
Air Transportation	3,950	3,950	3,950	0	0
Communications	2,050	2,050	1,850	0	200
Trade	25,700	25,600	25,400	100	300
Wholesale Trade	5,850	5,950	5,750	-100	100
Retail Trade	19,850	19,650	19,650	200	200
Gen. Merch. & Apparel	2,850	2,800	2,900	50	-50
Food Stores	3,150	3,250	3,100	-100	50
Eating & Drinking Places	7,600	7,400	7,550	200	50
Finance-Ins. & Real Estate	6,450	6,450	6,350	0	100
Services & Misc.	29,600	29,350	27,950	250	1,650
Hotels & Lodging Places	2,450	2,400	2,350	50	100
Government	27,500	27,250	27,050	250	450
Federal	10,500	10,450	10,400	50	100
State	8,250	8,150	7,900	100	350
Local	8,750	8,650	8,750	100	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	4/91	3/91	4/90	3/91	4/90
Total Nonag. Wage & Salary	26,750	26,250	26,450	500	300
Goods-producing	1,800	1,650	1,900	150	-100
Mining	150	100	150	50	0
Construction	1,100	1,000	1,200	100	-100
Manufacturing	550	550	550	0	0
Service-producing	24,950	24,600	24,550	350	400
Transportation	1,900	1,800	1,850	100	50
Trucking & Warehousing	450	450	400	0	50
Air Transportation	450	450	400	0	50
Communications	300	300	300	0	0
Trade	5,750	5,600	5,550	150	200
Wholesale Trade	750	750	700	0	50
Retail Trade	5,000	4,850	4,850	150	150
Gen. Merch. & Apparel	550	550	500	0	50
Food Stores	800	750	800	0	0
Eating & Drinking Places	1,950	1,800	1,800	150	150
Finance-Ins. & Real Estate	800	800	800	0	0
Services & Misc.	6,100	6,100	6,000	0	100
Government	10,400	10,300	10,350	100	50
Federal	3,000	2,950	3,150	50	-150
State	4,500	4,450	4,400	50	100
Local	2,900	2,900	2,800	0	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	4/91	3/91	4/90	3/91	4/90
Total Nonag. Wage & Salary	119,450	117,900	115,500	1,550	3,950
Goods-producing	12,150	11,700	11,450	450	700
Mining	4,350	4,450	3,850	-100	500
Construction	5,300	5,100	5,200	200	100
Manufacturing	2,500	2,150	2,400	350	100
Service-producing	107,300	106,200	104,050	1,100	3,250
Transportation	11,600	11,500	11,200	100	400
Trade	27,800	27,350	27,150	450	650
Finance-Ins. & Real Estate	6,900	6,900	6,800	0	100
Services & Misc.	30,900	30,600	29,250	300	1,650
Government	30,100	29,850	29,650	250	450
Federal	10,600	10,550	10,600	50	0
State	9,050	8,950	8,700	100	350
Local	10,450	10,350	10,350	100	100

Interior Region

	p/	r/		Changes from:	
	4/91	3/91	4/90	3/91	4/90
Total Nonag. Wage & Salary	30,450	29,700	30,450	750	0
Goods-producing	2,100	1,850	2,100	250	0
Mining	350	250	300	100	50
Construction	1,150	1,050	1,250	100	-100
Manufacturing	600	550	550	50	50
Service-producing	28,350	27,850	28,350	500	0
Transportation	2,050	2,000	2,050	50	0
Trade	6,100	5,950	5,900	150	200
Finance-Ins. & Real Estate	850	850	900	0	-50
Services	6,600	6,550	6,600	50	0
Government	12,750	12,500	12,900	250	-150
Federal	3,600	3,500	3,800	100	-200
State	4,750	4,650	4,700	100	50
Local	4,400	4,350	4,400	50	0

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 4/91	r/ 3/91	4/90	Changes from: 3/91	4/90
Total Nonag. Wage & Salary	32,850	31,250	33,650	1,600	-800
Goods-producing	6,300	5,250	6,900	1,050	-600
Mining	350	300	350	50	0
Construction	1,150	950	1,300	200	-150
Manufacturing	4,800	4,000	5,250	800	-450
Durable Goods	2,400	2,100	2,800	300	-400
Lumber & Wood Products	2,300	2,050	2,750	250	-450
Nondurable Goods	2,400	1,900	2,450	500	-50
Seafood Processing	1,300	800	1,400	500	-100
Pulp Mills	900	900	900	0	0
Service-producing	26,550	26,000	26,750	550	-200
Transportation	2,350	2,300	2,300	50	50
Trade	5,200	5,050	5,200	150	0
Wholesale Trade	550	550	600	0	-50
Retail Trade	4,650	4,500	4,600	150	50
Finance-Ins. & Real Estate	1,100	1,100	1,050	0	50
Services & Misc.	5,300	5,200	5,550	100	-250
Government	12,600	12,350	12,650	250	-50
Federal	2,050	1,950	2,100	100	-50
State	5,600	5,550	5,700	50	-100
Local	4,950	4,850	4,850	100	100

Gulf Coast Region

	p/ 4/91	r/ 3/91	4/90	Changes from: 3/91	4/90
Total Nonag. Wage & Salary	23,800	21,900	23,650	1,900	150
Goods-producing	6,650	5,450	6,500	1,200	150
Mining	1,100	1,100	1,150	0	-50
Construction	850	750	950	100	-100
Manufacturing	4,700	3,600	4,400	1,100	300
Seafood Processing	3,650	2,650	3,450	1,000	200
Service-producing	17,150	16,450	17,150	700	0
Transportation	1,950	1,900	1,900	50	50
Trade	4,050	3,650	3,950	400	100
Wholesale Trade	500	450	500	50	0
Retail Trade	3,550	3,200	3,450	350	100
Finance-Ins. & Real Estate	600	600	550	0	50
Services & Misc.	4,550	4,350	4,350	200	200
Government	6,000	5,950	6,400	50	-400
Federal	450	450	650	0	-200
State	1,850	1,850	1,950	0	-100
Local	3,700	3,650	3,800	50	-100

Northern Region

	p/ 4/91	r/ 3/91	4/90	Changes from: 3/91	4/90
Total Nonag. Wage & Salary	14,550	14,200	13,950	350	600
Goods-producing	5,900	5,700	5,450	200	450
Mining	5,550	5,350	5,050	200	500
Service-producing	8,650	8,500	8,500	150	150
Government	4,550	4,500	4,550	50	0
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,950	3,900	3,900	50	50

Southwest Region

	p/ 4/91	r/ 3/91	4/90	Changes from: 3/91	4/90
Total Nonag. Wage & Salary	15,650	15,150	15,450	500	200
Goods-producing	5,000	4,700	4,750	300	250
Seafood Processing	4,700	4,450	4,450	250	250
Service-producing	10,650	10,450	10,700	200	-50
Government	6,200	6,200	6,400	0	-200
Federal	1,200	1,250	1,250	-50	-50
State	550	550	550	0	0
Local	4,450	4,400	4,600	50	-150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

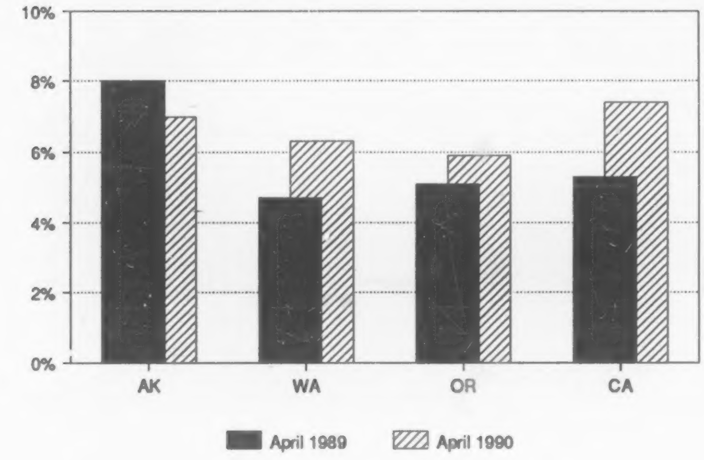
Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor , Research & Analysis Section.

Figure • 2

Western Unemployment Rates Climb



Source: Alaska Department of Labor, Research and Analysis Section.

most visible projects.

Another key contributor to Southeast employment growth was tourist-related employment. Hotel employment picked up in Southeast in April as seasonal hotels staffed up for the beginning of the tourist season.

Southwestern Alaska's growth was more one-dimensional than either Gulf Coast or Southeast. That one dimension was fish processing. The opening of the new Western Alaska seafood processing plant spurred April employment growth in Southwest's seafood processing industry.

Heavy construction statewide affects Anchorage

Statewide construction employment has been surprisingly sluggish so far this year. This sluggishness has influenced Anchorage's construction employment estimates and resulted in some unexpected trends for Anchorage's construction industry. Anchorage's construction employment is influenced by firms headquartered in Anchorage but who perform work all over the state. Heavy construction work throughout the state, particularly at Bradley Lake, on the North Slope and on the pipeline repair, is down from 1990. Since firms headquartered in Anchorage were key employers on these projects, Anchorage's construction growth appears sluggish because of their high employment totals last year.

The lower construction employment totals are in contrast to indicators of construction activity taking place in the Municipality of Anchorage. Building permits are up significantly over last year. Increasing property values are encouraging existing homeowners and contractors to add to Anchorage's available housing stock. The Multiple Listing Service in Anchorage reported a 51% increase in listings from late April of this year compared to the same time last year. Also in April the Alaska railroad awarded a contract for its new headquarters in the Ship Creek area.

While construction industry employment is down slightly at the moment, construction could get a lift from the state capital budget. The legislature appropriated a $384 million capital budget for FY92, an increase of about 7% from FY91. The spending plan still has to get final approval from the administration.

Military boosts Fairbanks' economy

The military made two announcements in April of importance to Fairbanks' economy. Fairbanks construction got a boost, although construction employment won't occur until a future date. Eielson Air Force Base received authorization to request proposals to build a 366-unit housing complex. The project faced opposition because military spokesmen said the project was contingent on the North Star Borough exempting the project from property taxes. The project

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/91	r/ 3/91	4/90	p/ 4/91	r/ 3/91	4/90	p/ 4/91	r/ 3/91	4/90
Mining	$1,150.55	$1,169.77	$1,111.14	48.1	48.7	48.5	$23.92	$24.02	$22.91
Construction	1,045.96	988.68	1,139.67	43.6	42.0	48.6	23.99	23.54	23.45
Manufacturing	582.42	528.75	601.83	51.0	46.3	47.5	11.42	11.42	12.67
Seafood Processing	515.65	440.26	502.18	58.2	52.6	51.4	8.86	8.37	9.77
Trans., Comm. & Utilities	590.54	574.66	595.43	33.9	32.8	35.4	17.42	17.52	16.82
Trade	360.96	360.61	358.80	32.2	32.4	32.5	11.21	11.13	11.04
Wholesale	571.25	592.01	595.10	39.1	40.3	39.7	14.61	14.69	14.99
Retail	314.98	310.99	309.69	30.7	30.7	31.0	10.26	10.13	9.99
Finance-Ins. & R.E	399.99	405.03	422.57	34.1	34.5	37.1	11.73	11.74	11.39

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

received a five-year exemption, but that may be challenged.

Military-related employment got a boost when the Air Force announced Eielson would retain a squadron of upgraded A-10 fighter jets. Eielson's A-10s were scheduled for replacement by a squadron of F-16s. If that plan had materialized, Eielson's personnel and payroll would remain constant. Plans now call for Eielson to add the F-16s as well as retain some of the A-10s. Retention of the A-10s will inflate Eielson's military personnel count by 300 and its payroll by $10 million annually. In addition, the Air Force estimates that the number of dependents will grow by 500. This is good news for businesses dependent on military spending.

Summary: April figures bear mixed news

Alaska's unemployment rate dropped in April and registered a sharp decrease compared to a year ago. Other indicators didn't support a dramatic improvement in Alaska's economy. Unemployment weeks claimed and wage and salary employment point to a weaker economy this April than last.

Alaska's coastal regions led the state in April employment gains. The seafood processing industry played a critical role in the employment gains in all of the coastal regions. Timber and tourist-related activities also contributed to employment gains. Overall, April employment and unemployment statistics showed that Alaska's economy is springing to life after a winter of inactivity. However, some sectors are lagging their performance of a year ago and the result is a slower rate of growth for Alaska's economy.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 4/91	r/ 3/91	4/90	p/ 4/91	r/ 3/91	4/90	p/ 4/91	r/ 3/91	4/90	p/ 4/91	r/ 3/91	4/90
Alaska Statewide	257,054	252,280	252,760	18,024	21,233	20,147	7.0	8.4	8.0	239,030	231,047	232,613
Anch.-MatSu Region	134,564	133,107	129,479	8,275	9,429	8,947	6.1	7.1	6.9	126,289	123,678	120,532
Municipality of Anchorage	118,440	117,516	114,244	6,447	7,326	6,764	5.4	6.2	5.9	111,993	110,190	107,480
MatSu Borough	16,124	15,591	15,235	1,828	2,103	2,183	11.3	13.5	14.3	14,296	13,488	13,052
Gulf Coast Region	30,102	28,552	30,595	2,672	3,301	3,506	8.9	11.6	11.5	27,430	25,251	27,089
Kenai Peninsula Borough	18,792	17,920	19,026	1,985	2,448	2,428	10.6	13.7	12.8	16,807	15,472	16,598
Kodiak Island Borough	6,629	6,153	6,636	225	258	312	3.4	4.2	4.7	6,404	5,895	6,324
Valdez-Cordova	4,681	4,479	4,933	462	595	766	9.9	13.3	15.5	4,219	3,884	4,167
Interior Region	35,049	34,734	35,112	3,339	3,965	3,734	9.5	11.4	10.6	31,710	30,769	31,378
Fairbanks North Star Bor.	30,234	29,938	30,108	2,739	3,259	2,901	9.1	10.9	9.6	27,495	26,679	27,207
Southeast Fairbanks	1,989	1,999	2,086	232	294	347	11.7	14.7	16.6	1,757	1,705	1,739
Yukon-Koyukuk	2,826	2,797	2,918	368	412	486	13.0	14.7	16.7	2,458	2,385	2,432
Northern Region	8,373	8,231	8,201	634	697	788	7.6	8.5	9.6	7,739	7,534	7,413
Nome	3,131	3,047	3,050	300	291	338	9.6	9.6	11.1	2,831	2,756	2,712
North Slope Borough	3,007	2,979	2,912	80	129	108	2.7	4.3	3.7	2,927	2,850	2,804
Northwest Arctic Borough	2,235	2,205	2,239	254	277	342	11.4	12.6	15.3	1,981	1,928	1,897
Southeast Region	35,522	34,589	36,022	2,394	3,094	2,388	6.7	8.9	6.6	33,128	31,495	33,634
Haines Borough	880	835	856	92	86	56	10.5	10.3	6.5	788	749	800
Juneau Borough	15,670	15,161	15,951	688	918	741	4.4	6.1	4.6	14,982	14,243	15,210
Ketchikan Gateway Bor.	6,704	6,511	6,808	565	675	575	8.4	10.4	8.4	6,139	5,836	6,233
Pr. of Wales-Outer Ketch.	2,763	2,667	2,814	320	344	334	11.6	12.9	11.9	2,443	2,323	2,480
Sitka Borough	4,075	3,978	4,110	173	268	148	4.2	6.7	3.6	3,902	3,710	3,962
Skagway-Yakutat-Angoon	1,751	1,824	1,823	226	374	274	12.9	20.5	15.0	1,525	1,450	1,549
Wrangell-Petersburg	3,679	3,613	3,660	330	429	260	9.0	11.9	7.1	3,349	3,184	3,400
Southwest Region	13,444	13,067	13,351	710	747	784	5.3	5.7	5.9	12,734	12,320	12,567
Aleutians East Borough	937	907	930	5	5	10	0.5	0.6	1.1	932	902	920
Aleutians West	2,635	2,550	2,616	23	23	39	0.9	0.9	1.5	2,612	2,527	2,577
Bethel	5,179	5,030	5,103	352	360	340	6.8	7.2	6.7	4,827	4,670	4,763
Bristol Bay Borough	517	518	516	25	42	30	4.8	8.1	5.8	492	476	486
Dillingham	2,427	2,367	2,459	121	136	183	5.0	5.7	7.4	2,306	2,231	2,276
Wade Hampton	1,749	1,695	1,727	184	181	182	10.5	10.7	10.5	1,565	1,514	1,545

Notes: p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

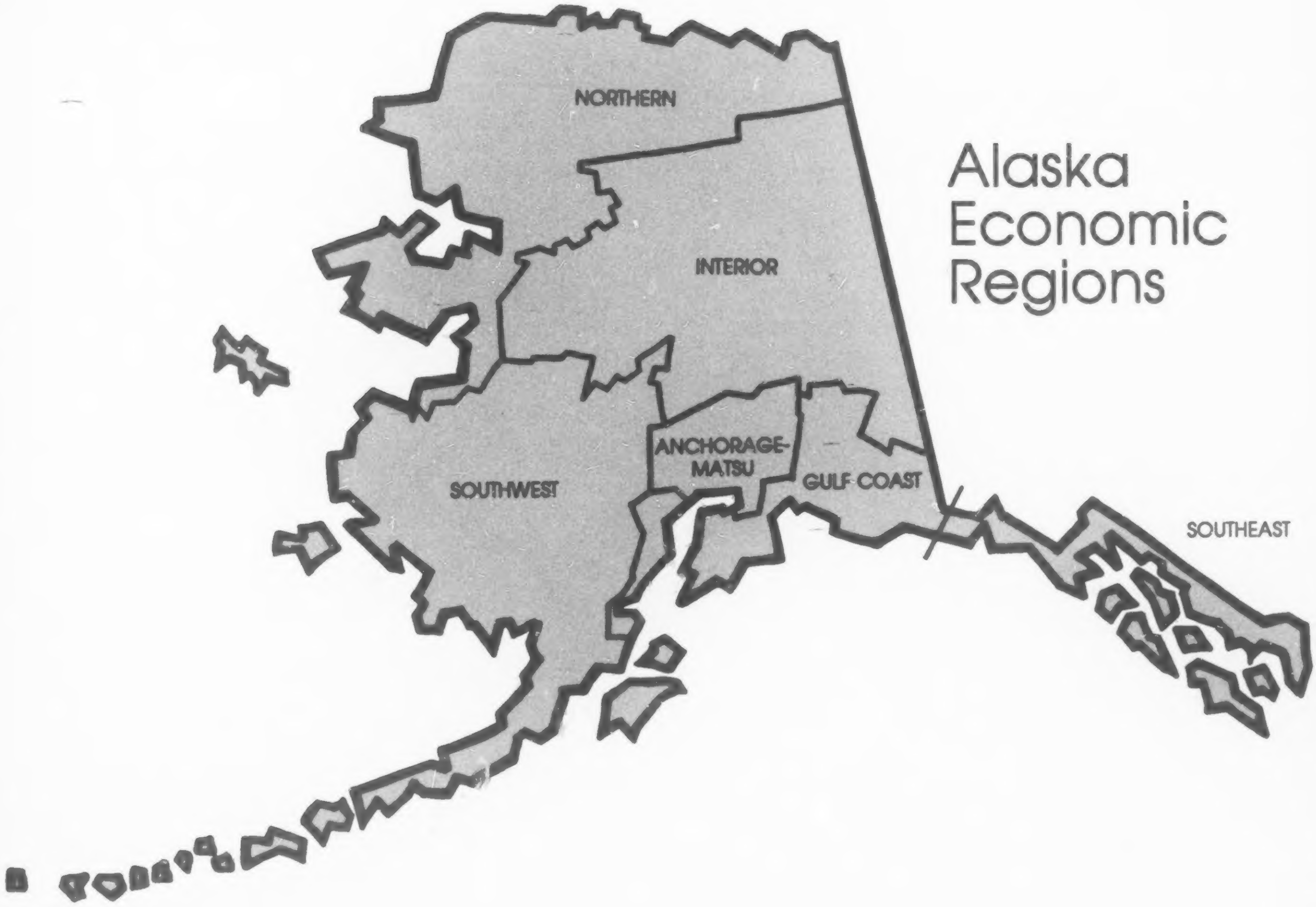
- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.

- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.

- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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ALASKA ECONOMIC TRENDS

AK'S 13,467 OTHER EMPLOYERS

EMPLOYMENT SCENE

August 1991

THE TRENDS 100—
ALASKA'S LARGEST PRIVATE EMPLOYERS IN 1990

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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August 1991
Volume 11
Number 8

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MADE IN ALASKA

The *Trends* 100 —

Alaska's Largest Private Employers in 1990

By Holly Stinson

Alaska's economy showed strong growth in 1990, and the 100 largest firms in the state led the way. Alaska's Top 100 firms enjoyed a higher growth rate than the overall economy: 5.3% for the *Trends* 100 vs. 4.4% overall. Although these 100 largest employers represent less than 1% of the private employers in Alaska, they account for 30% of total private sector wage and salary employment.

This is the fifth year we have compiled a list of Alaska's largest employers. (See Table 1.) ARCO Alaska, one of the major oil producers on the North Slope, has been at the top of this list each year. Carr Gottstein (which includes Carrs grocery stores) follows in the number two spot this year. They have been in this spot each year except 1989 (when oil spill cleanup employment pushed VECO into that rank).

Providence Hospital and BP Exploration (another major producer on the North Slope) are consistently near the top of the *Trends* 100, also. In spite of the deep recession of 1986-88, Alaska's largest employers are a durable group. Only 12 of the first 50 firms on this year's list did not also appear on the original *Trends* 50 list compiled in 1986.

Size and growth vary among employers

This year's *Trends* 100 list includes employers varying in size from nearly 3,000 employees down to 208. We could almost call this group the "200+ Club." There are only six firms not included in the *Trends* 100 who have over 200 employees on an annual average basis. (See shaded box at end of article for explanation of annual average calculation.)

Several businesses showed employment growth of 30% or better in 1990. Table 3 shows the ten firms which moved up 15 or more rankings from 1989's *Trends* 100. Reasons for their growing employment vary. The two mining operations included in the table only reached full operation in 1990. Others, such as All Alaskan Seafoods and Federal Express, enjoyed tremendous growth as the scope of their operations expanded. Some simply rode the waves of the economic recovery, especially those doing business with the oil industry (Alaska Petroleum Contractors, Earth Movers, and Peak Oilfield Service).

Trends 100 payroll grows less than employment

Total payroll for the 100 employers on our list grew only 2.3% in 1990. This compares to employment growth of 5.3%. The high oil spill cleanup wages of 1989, magnified by additional overtime hours, went a long way toward inflating total payroll for 1989's *Trends* 100. Extraordinarily high payroll in 1989 makes 1990's modest increase of 2.3% look sluggish.

One cleanup contractor, Norcon, ranked 21 in last year's list. They do not appear on 1990's list. Another, VECO, dropped from the number two to the number four spot in employment. Their payroll, however, is less than half of 1989's. These two firms alone put a damper on payroll for 1990; other *Trends* 100 enterprises might have similarly affected the 1989 vs. 1990 wage comparisons. Judging from the overall gain of 2.3%however, some *Trends* 100 firms managed to make up for those missing $16.69/hour spill cleanup jobs and then some.

We would Like to thank the 100 employers in this article for their cooperation, which made this article possible.

The average monthly wage paid by *Trends* 100 employers dropped from $2,996 in 1989 to $2,921 in 1990. Again, the inflated wages associated with spill cleanup in 1989 are to blame. Ignoring the jump in 1989 and going back to 1988, the average monthly wage has increased 11.5% in two years. The *Trends* 100 this year continued their tradition of paying higher average wages than the total private sector, which paid an average monthly wage of $2,358 in 1990.

Holly Stinson is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

Table • 1

Alaska's Top 100 Employers

(based on 1990 average employment)[a]

Rank	FIRM NAME	Employment	Headquarters or Largest Worksite	Business Activity
1	ARCO Alaska	2,909	Anchorage	Oil & Gas Production
2	Carr Gottstein Foods [b]	2,813	Anchorage	Retail-grocery
3	Providence Hospital	1,760	Anchorage	Hospital
4	VECO	1,671	Anchorage	Oil Field Services
5	BP Exploration (Alaska)	1,477	Anchorage	Oil & Gas Production
6	National Bank of Alaska	1,154	Anchorage	Banking
7	Alyeska Pipeline Service Co.	1,054	Anchorage	Pipeline
8	Trident Seafoods	1,020	Akutan	Seafood Processing
9	Safeway Stores	936	Anchorage	Retail-grocery
10	Ketchikan Pulp Company	924	Ketchikan	Pulp & Lumber Products
11	Alaska Airlines	899	Anchorage	Air Carrier
12	MarkAir	878	Anchorage	Air Carrier
13	Alaska Petroleum Contractors	813	Anchorage	Oil Field Services
14	First National Bank of Anchorage	777	Anchorage	Banking
15	Icicle Seafoods	769	Petersburg	Seafood Processing
16	Alascom	751	Anchorage	Communications
17	All Alaskan Seafoods	732	Kodiak	Seafood Processing
18	Westmark Hotels	726	Anchorage	Hotel
19	Western Health (Fairbanks Memorial Hospital)	667	Fairbanks	Hospital
20	Fred Meyer Shopping Centers	663	Anchorage	Retail-general merchandise
21	Humana Hospital Alaska	657	Anchorage	Hospital
22	Alaska Pulp Corp.	656	Sitka	Pulp & Lumber Products
23	Unisea	655	Unalaska	Seafood Processing
24	Pay'n Save Drug Stores	576	Anchorage	Retail-general merchandise
25	Sears Roebuck & Co.	561	Anchorage	Retail-general merchandise
26	ERA Aviation	538	Anchorage	Air Carrier
27	Alaska USA Federal Credit Union	520	Anchorage	Credit Union
28	Alaska Commercial Co.	510	Anchorage	Retail-general merchandise
29	HC Price	508	Anchorage	Construction
30	Union Oil Co. of California	500	Anchorage	Oil & Gas Production
31	JC Penney	466	Anchorage	Retail-general merchandise
32	Anchorage Times Publishing Co.	447	Anchorage	Newspaper
33	Key Bank of Alaska	445	Anchorage	Banking
34	Anchorage Daily News	444	Anchorage	Newspaper
35	Captain Cook Hotel	426	Anchorage	Hotel

(Cont) Table•1

Alaska's Top 100 Employers

(based on 1990 average employment)/a

Rank	FIRM NAME	Employment	Headquarters or Largest Worksite	Business Activity
36	Tanana Chiefs Conference	421	Fairbanks	Social Services
37	Nordstrom	414	Anchorage	Retail-general merchandise
38	Lamonts	408	Anchorage	Retail-apparel
39	Kinn Enterprises/McDonalds	404	Anchorage	Retail-eating establishment
40	Federal Express	400	Anchorage	Air Courier Services
41	Peter Pan Seafoods	399	King Cove	Seafood Processing
42	Wards Cove Packing Co.	391	Naknek	Seafood Processing
43	Chugach Electric Association	383	Anchorage	Electric Utility
44	Southeast Alaska Regional Health Corp.	383	Juneau	Health Care
45	North Pacific Processors	382	Cordova	Seafood Processing
46	Spenard Builders Supply	379	Anchorage	Trade-Lumber Products
47	Klukwan Forest Products	377	Juneau	Logging
48	Burger King	376	Anchorage	Retail-eating establishments
49	NANA/Marriott Joint Venture	363	Anchorage	Retail-caterer
50	Ogden Allied Facility Mgmt AK	356	Anchorage	Facilities Management
51	Anchorage Hilton	350	Anchorage	Hotel
52	Felec Services	347	Fairbanks	Radar Station Operator
53	Yukon Kuskokwim Health Corp.	345	Bethel	Health Care
54	Salvation Army Alaska Division	344	Anchorage	Social Services
55	Dynair Services	339	Anchorage	Transportation
56	Alaska Sales & Service	330	Anchorage	Motor Vehicle Dealer
57	Pizza Hut	329	Anchorage	Retail-eating establishment
58	Sea-Land Freight Service	323	Anchorage	Shipping & Warehousing
59	Our Lady of Compassion Care Center	320	Anchorage	Health Care
60	Reeve Aleutian Airways	316	Anchorage	Air Carrier
61	Northstore Ventures/7-11	310	Anchorage	Retail-grocery
62	American Guard & Alert	300	Anchorage	Guard Services
63	Sheraton Anchorage Hotel	294	Anchorage	Hotel
64	Laidlaw Transit	288	Anchorage	Transportation
65	Caterair Intl. /c	288	Anchorage	Retail-caterer
66	Greens Creek Mining Co.	288	Juneau	Mining
67	Alyeska Seafoods	286	Unalaska	Seafood Processing
68	Maniilaq Association	285	Kotzebue	Social Services
69	Norton Sound Health Corp.	283	Nome	Health Care
70	Anchorage Cold Storage	274	Anchorage	Wholesale-grocery

Table • 1 (Cont)

Alaska's Top 100 Employers

(based on 1990 average employment)/a

Rank	FIRM NAME	Employment	Headquarters or Largest Worksite	Business Activity
71	Peak Oilfield Service	271	Prudhoe Bay	Oil field services
72	ARA Leisure Services	267	Fairbanks	Retail-caterer
73	International In-Flight Catering	266	Anchorage	Retail-eating establishments
74	Cominco Alaska	264	Red Dog	Mining
75	Delta Air Lines	264	Anchorage	Air Carrier
76	Market Basket /SuperValu	262	Fairbanks	Retail-grocery
77	Valley Hospital	260	Palmer	Hospital
78	Mayflower Contract Services	258	Anchorage	Bus Charter Services
79	Earth Movers of Fairbanks	258	Fairbanks	Construction
80	Costco Wholesale	255	Anchorage	Retail-general merchandise
81	Hope Cottages	252	Anchorage	Residential Care
82	Matanuska Telephone Association	250	Palmer	Communications
83	Inlet Fisheries	250	Kenai	Seafood Processing
84	Northwest Technical Services	241	Anchorage	Engineering Services
85	Northern Air Cargo	237	Anchorage	Air Courier Services
86	Ketchikan General Hospital	234	Ketchikan	Hospital
87	Conam Construction .	230	Anchorage	Construction
88	Denali Foods /Taco Bell	228	Anchorage	Retail-eating establishments
89	Nabors Alaska Drilling	227	Prudhoe Bay	Oil Field Services
90	Duty Free Shoppers Group Alaska	227	Anchorage	Retail-general merchandise
91	Bristol Bay Area Health Corp.	221	Dillingham	Health care
92	Price Savers Membership Warehouse	220	Anchorage	Retail-general merchandise
93	Golden Frontier Enterprises/McDonalds	220	Fairbanks	Retail-eating establishments
94	King Crab	219	Kodiak	Seafood Processing
95	Enstar Natural Gas	214	Anchorage	Natural Gas Distribution
96	Central Peninsula General Hospital	213	Soldotna	Hospital
97	Telephone Utilities of the Northland	213	Anchorage	Communications
98	AK Specialized Ed. & Training Ctr.(ASETS)	212	Anchorage	Sheltered Workshop/Voc.Rehab.
99	Clarion Lakefront Hotel	209	Anchorage	Hotel
100	Temsco Helicopters	208	Ketchikan	Air Carrier
TOTAL TRENDS 100 EMPLOYMENT		50,527		

a/Firms with identical employment ranked by unrounded employment.
b/included Carr Gottstein Inc. until 10/1/90
c/formerly Marriott Corporation
Source: Alaska Department of Labor, Research and Analysis Section.

Anchorage firms monopolize roster

The Anchorage/MatSu Region has a disproportionately large share of *Trends* 100 employment. Three out of every four jobs are with the major employers in this region. More accurately, Anchorage is where they report employment. Many of them offer employment elsewhere in the state. Of the 66 firms who list Anchorage as their headquarters or largest work site, fewer than half have employment exclusively there.

The four *Trends* 100 firms from the finance sector illustrate this point. All four have headquarters in Anchorage, but all four have branch offices elsewhere in the state. Three of them have branches in four or five of the state's economic regions. The fourth financial institution, National Bank of Alaska, has offices in 30 communities across the entire state. Many transportation, construction and mining companies also have jobs throughout the state although they are counted at their Anchorage headquarters.

Industry share changes little in five years

Figure 1 shows the proportion of *Trends* 100 employment from each industry group. Trade and services businesses account for 44% of this employment. The mining, manufacturing and transportation sectors make up close to half of *Trends* 100 employment, leaving small percentages for costruction and finance firms. Industry share of the *Trends* 100 has changed little over the years. This year's proportions are within 1% of last year's employment shares.

An exception to little change over the long term is the manufacturing sector. Over the past six years, manufacturing firms have gained a larger share of *Trends* 100 employment. Ten of the fifteen manufacturing businesses in this year's list are seafood processors (compared to only two in 1985's list of 50 employers). (See Table 2.) Processing bottomfish and other species has smoothed out the seasonality of seafood processing, and boosted their annual average employment. Three Southeast firms in the wood-products industry (Ketchikan Pulp, Klukwan Forest Products, and Alaska Pulp) and the two Anchorage daily newspapers round out the list of *Trends* 100 manufacturers.

In contrast to the manufacturing industry, the finance sector of the *Trends* 100 has shrunk over time. A smaller *Trends* 100 financial sector reflects the shrinkage of Alaska's financial sector as a whole during the last few years. The four financial institutions appearing in this year's *Trends* 100 made up last

Table • 2

Trends 100 Employers by Industry

MINING	**1990 Rank**	**1989 Rank**
Alaska Petroleum Contractors Inc.	13	33
ARCO Alaska Inc.	1	1
BP Exploration (Alaska) Inc.	5	5
Cominco Alaska Inc.	74	new
Greens Creek Mining Co.	66	83
Nabors Alaska Drilling Inc.	89	new
Peak Oilfield Service Co.	71	91
Union Oil Co. of California	30	26
VECO Inc.	4	2
CONSTRUCTION		
Conam Construction Co.	87	new
Earth Movers of Fairbanks Inc.	79	new
HC Price Co.	29	42
MANUFACTURING		
Alaska Pulp Corp.	22	28
All Alaskan Seafoods Inc.	17	56
Alyeska Seafoods Inc.	67	58
Anchorage Daily News	34	38
Anchorage Times Publishing Co.	32	31
Icicle Seafoods Inc.	15	13
Inlet Fisheries Inc.	83	67
Ketchikan Pulp Mill	10	7
King Crab Inc.	94	new
Klukwan Forest Products Inc.	47	41
North Pacific Processors Inc.	45	57
Peter Pan Seafoods Inc.	41	35
Trident Seafoods Corporation	8	11
Unisea Inc.	23	25
Wards Cove Packing Co. Inc.	42	51

continued

Table•2(Cont.)

Trends 100 Employers by Industry

TRANSPORTATION, COMMUNICATION & UTILITIES	1990 Rank	1989 Rank
Alascom Inc.	16	14
Alaska Airlines Inc.	11	10
Alyeska Pipeline Service Co.	7	9
Chugach Electric Association Inc.	43	50
Delta Air Lines Inc.	75	63
Dynair Services Inc.	55	44
Enstar Natural Gas Co.	95	91
ERA Aviation Inc.	26	27
Federal Express	40	67
Laidlaw Transit Inc.	64	45
MarkAir	12	12
Matanuska Telephone Association Inc.	82	73
Mayflower Contract Services Inc.	78	66
Northern Air Cargo Inc.	85	87
Reeve Aleutian Airways Inc.	60	55
Sea-Land Freight Service	58	53
Telephone Utilities of the Northland	97	91
Temsco Helicopters	100	95
TRADE		
Alaska Commercial Co.	28	30
Alaska Sales & Service Inc.	56	60
Anchorage Cold Storage Co.	70	64
ARA Leisure Services Inc.	72	64
Burger King	48	38
Carr Gottstein Foods Co./a	2	3
Caterair Intl. Corp./b	65	89
Costco Wholesale Corp.	80	81
Denali Foods Inc./Taco Bell	88	88
Duty Free Shoppers Group Alaska	90	71
Fred Meyer Shopping Centers	20	18
Golden Frontier Enterprises/McDonalds	93	84
International In-Flight Catering Co.	73	76
JC Penney Co.	31	29
Kinn Enterprises/McDonalds	39	32
Lamonts Inc.	38	38
Market Basket Inc./SuperValu	76	69
NANA/Marriott Joint Venture	49	58
Nordstrom Inc.	37	24
Northstore Ventures/7-11	61	48

continued

year's finance sector, also. Although their share of *Trends* 100 employment remains the same, their employment grew 7.5% over 1989, faster than the *Trends* 100 group overall. After losing ground this industry is again growing.

Transportation industry enjoys high growth rate

Like the financial sector, the transportation, communication and utilities industry has the same group of employers in 1991's *Trends* 100 that appeared in 1990. This industry also retains its same share of *Trends* 100 employment at 15%. Another similarity between this group of employers and the four financial institutions is a higher growth rate than the *Trends* 100 as a whole.

There are 12 transportation firms in the *Trends* 100, including such giants (by Alaskan employment standards) as Alyeska Pipeline, Alaska Airlines and MarkAir. The smallest employer to make the *Trends* 100 list, Temsco Helicopter of Ketchikan, is also from the transportation sector.

Health care and hotels overshadow service firms in *Trends* 100

Most industries' *Trends* 100 employment share is similar to their share of all private employment. Services firms have a much smaller piece of the *Trends* 100 employment than they do in the entire private sector (20% vs. 31%). This is because many service firms are small enterprises. Eighty percent of service firms have 10 or fewer employees. The nature of the industry — offering services to individuals and businesses — lends itself to small operations.

There are some services, however, that larger operations provide best because of high capital costs. Hotels and health care facilities are examples of these services. Not surprisingly, five Anchorage-based hotels are in the *Trends* 100 — the Anchorage Hilton, Captain Cook, Clarion, Sheraton, and Westmark. Twelve firms in this group of large employers provide health care. Six of the 11 newcomers to the *Trends* 100 group this year are services firms.

Majority of mining jobs are with *Trends* 100 companies

While services firms have a proportionately smaller share of employment in the *Trends* 100 than in the private sector as a whole, the mining industry is at the opposite end of the spectrum. This industry accounts for only 7% of private employment but grabs a 17% share of employment by Alaska's 100 largest firms. This 17% share represents the majority of mining jobs in Alaska. Figure 2 shows that close to three of every four jobs in the mining industry are with *Trends* 100 employers.

The mining industry's share of *Trends* 100 employment is slightly smaller (by 1%) than last year. The major producers on the North Slope — ARCO Alaska and BP Exploration — both had small decreases in employment in 1990. This trend should continue in 1991 as they consolidate operations at Prudhoe Bay.

Two companies on the list of the Top 10 Movers are from the hard rock mining sector. (See Table 3.) One of them, Greens Creek Mining Company, last year became the first mining firm in the *Trends* 100 which was not in the oil and gas business. This year they moved up several rankings because they are now at full operation of their gold and silver mine near Juneau. Joining them in the *Trends* 100 is another hard rock mining firm which also reached full operation in 1990. Cominco Alaska's employment at their Red Dog lead and zinc mine pushed them into the #74 rank of this year's list.

Trade's share shrinks but remains largest industry in *Trends* 100 list

The trade industry has the largest share of *Trends* 100 employment. Like the mining industry, trade's share of *Trends* 100 employment shrunk 1% in 1990. This is because there is a smaller number of trade firms in the *Trends* 100 this year. The trade industry as a whole has lagged behind other industries in growth during the recovery of the last two years. The list of Alaska's largest employers reflects this trend.

Construction firms vary in *Trends* 100 roster

Construction employment remains at 2% of the *Trends* 100 employment. H.C. Price was also on last year's list; two other construction firms are new to the *Trends* 100. Various construction firms have moved in or out of the roster of large employers as

(Cont.)Table•2

Trends 100 Employers by Industry

	1990 Rank	1989 Rank
Pay'n Save Drug Stores	24	20
Pizza Hut	57	61
TRADE (cont)		
Price Savers Membership Warehouse	92	90
Safeway Stores Inc.	9	8
Sears Roebuck & Co.	25	22
Spenard Builders Supply	46	52
FINANCE, INSURANCE & REAL ESTATE		
Alaska USA Federal Credit Union	27	23
First National Bank of Anchorage	14	15
Key Bank of Alaska	33	37
National Bank of Alaska	6	6
SERVICES		
AK Specialized Ed. & Training Ctr. (ASETS)	98	new
American Guard & Alert	62	new
Anchorage Hilton Corp.	51	46
Bristol Bay Area Health Corp.	91	new
Captain Cook Hotel	35	33
Central Peninsula General Hospital	96	98
Clarion Lakefront Hotel	99	new
Felec Services Inc.	52	43
Hope Cottages Inc.	81	78
Humana Hospital Alaska Inc.	21	19
Ketchikan General Hospital	86	77
Maniilaq Association Inc.	68	68
Northwest Technical Services	84	new
Norton Sound Health Corp.	69	70
Ogden Allied Facility Mgmt AK	50	new
Our Lady of Compassion Care Center	59	54
Providence Hospital	3	4
Salvation Army Alaska Division	54	49
Sheraton Anchorage Hotel	63	61
Southeast Alaska Regional Health Corp.	44	73
Tanana Chiefs Conference Inc.	36	36
Valley Hospital	77	79
Western Health Network Inc. (Fbks Memorial Hosp.)	19	17
Westmark Hotels Inc.	18	16
Yukon Kuskokwim Health Corp.	53	47

Source: Alaska Department of Labor, Research and Analysis Section.

various contracts begin or end. Some mining and transportation firms for example, have relatively stable employment and appear perennially on the *Trends* 100 roster. Construction employment, however, is volatile and so are the construction firms included in the *Trends* 100.

Summary: Diverse *Trends* 100 firms dominate economic growth

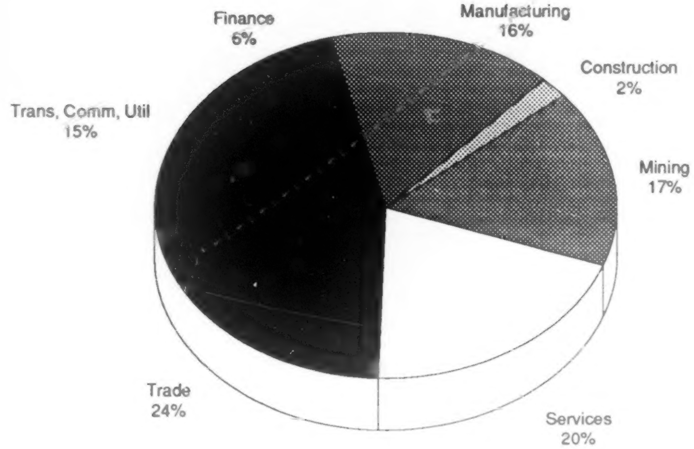
The 100 largest employers in Alaska led the strong growth of the state's economy in 1990. Their payroll did not match their employment growth, largely because of the high spill cleanup wages included in last year's *Trends* 100. Their employment climbed 5.3%; payroll only grew 2.3%.

These 100 firms are only 1% of all businesses in Alaska, yet they account for close to 30% of total private sector employment. They range in size from close to 3,000 employees down to 208. ARCO Alaska and BP Exploration, Carr Gottstein and Providence Hospital all appear perennially at the top of the list.

Three of every four jobs with *Trends* 100 employers are counted in the Anchorage/MatSu re-

Figure • 1

Trends 100 Employment in 1990 by Industry



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 3

The Top Ten Movers a/

	1990 Rank	1989 Rank
Alaska Petroleum Contractors Inc.	13	33
All Alaskan Seafoods Inc.	17	56
American Guard & Alert	62	-
Caterair Intl. Corp.	65	89
Cominco Alaska Inc.	74	-
Earth Movers of Fairbanks Inc.	79	-
Federal Express	40	67
Greens Creek Mining Co.	66	83
Ogden Allied Facility Mgmt AK	50	-
Peak Oilfield Service Co.	71	91

a/ firms who moved up 15 or more rankings from 1989

Source: Alaska Department of Labor, Research and Analysis Section.

gion. Many firms, however, have employment spread across the state. Financial institutions, airlines, and construction companies are a few examples.

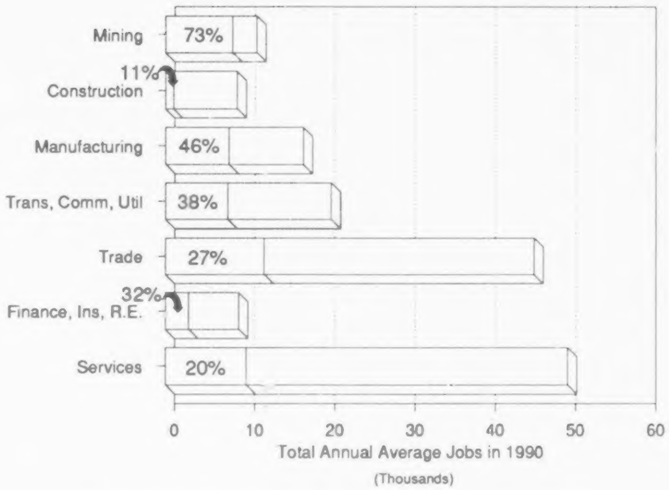
The industry share of *Trends* 100 employment has changed little over the last five years. Seafood processors account for a larger manufacturing share of employment, and the finance sector has shrunk somewhat. These changes mirror Alaska's entire economy. Another change in the *Trends* 100 list that reflects a change in the economy is that hard rock mining firms are gaining in employment.

Two industries have very different proportions of employment in the *Trends* 100 than they do in Alaska's total private sector. Services firms, many of which are small, have a relatively small share of *Trends* 100 employment. The mining industry has a much larger share of *Trends* 100 employment than in the private sector overall. Close to three of every four jobs in the mining industry are with *Trends* 100 firms.

A look at Alaska's 100 largest employers confirms the state is in a period of economic growth. The ingredients are in place for these 100 employers to have a prosperous 1991 and appear again next year in the *Trends* 100 list of Alaska's major companies.

Figure • 2

Trends 100 Share of Industry Employment



Source: Alaska Department of Labor, Research and Analysis Section.

Definitions & Explanations

Employment data were obtained from the unemployment insurance reports which every employer in the state with one or more employees must file. Employment figures reported are the total number of people working during the payroll period which includes the 12th of each month regardless of how many hours they worked.

Annual average employment is calculated by summing the 12 monthly figures reported to the Alaska Dept. of Labor and dividing the total by 12.

Total employment of a parent company will not be captured, and therefore not appear in the Trends 100, if subsidiaries file unemployment insurance reports under separate account numbers.

Confidentiality laws protect employment information. Therefore it was necessary to receive written permission from each employer to publish their employment data. This year, two employers refused to grant permission. The actual Trends 100 would have included two additional services firms, and omitted one services and one transportation firm.

Alaska's 13,467 Other Employers

by Brian N. Rae

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The accompanying article in this issue of *Alaska Economic Trends* takes a look at an important part of the state's business environment — the large employers. Although they represent less than one percent of all firms in Alaska, they collectively employ about 30% of all private sector wage and salary workers. To even make the list, a firm needed to employ more than 200 people. Most of the state's employers are much smaller than the *Trends* 100.

Let us assume that you are an average-sized Alaskan employer. You have about 13 people on your payroll at any given time. (See Table 1.) In the beginning of a year, you employ 12 people, but as business increases you add employees. Your employment peaks in July at 15 people, at which point you slowly cut back as business slows with the coming of winter.

Though your firm is only of average size, you still employ more people than most firms. During the 12 months beginning in October 1989 and ending in September 1990, a total of 13,467 firms employed at least one person at some time during this period. Of these firms, more than 10,600 employed fewer than 10 people. (See Table 2.) Your average-sized firm is, by this measure, larger than 80% of all firms in the state. To be in the middle of all firms ranked by size, you would employ only three and one-third employees. Even with your small size, nearly 7,000 other Alaskan firms would employ fewer people. (For details on how employment levels were computed, refer to the "Methodology" sidebar on page 12 of this article.)

Table • 1

Average Monthly Employment for Alaskan Employers October 1989 through September 1990 [1]

	Avg. Firm Size	Maximum Employment/Firm Employment	Maximum Employment/Firm Month	Minimum Employment/Firm Employment	Minimum Employment/Firm Month	% Change Maximum to Minimum
All Industries	13.3	14.9	July	12.0	Jan	24
Ag, Forestry & Fishing	6.0	7.7	Aug	4.6	Jan	66
Mining	70.0	75.4	June	65.3	Apr	15
Construction	7.1	8.7	Aug	5.1	Jan	70
Manufacturing	36.7	57.0	July	24.1	Dec	137
Seafood Processing	77.0	146.6	July	34.7	Dec	322
Lumber & Wood Products	36.5	46.9	Oct [2]	21.5	Feb	118
Transportation	19.8	22.2	Aug	17.5	Dec	27
Truck & Warehouse	12.7	13.9	Aug	11.2	Jan	24
Water Transportation	12.6	16.3	Aug	10.2	Jan	61
Air Transportation	37.9	40.4	Aug	34.6	April	17
Communications	32.8	33.6	Nov	31.6	April	6
Utilities	11.5	13.7	June	7.3	Dec	87
Trade	13.6	14.5	Aug	12.9	Jan	12
Wholesale	10.5	11.1	June	9.9	Jan	12
Retail Trade	14.5	15.5	Aug	13.7	Feb	13
General Apparel & Merch.	18.9	21.2	Dec	17.3	April	22
Food Stores	38.1	40.3	Aug	35.7	Dec	13
Eating & Drinking	16.2	17.8	July	15.0	Jan	19
Finance, Ins. & R.E.	11.9	12.1	June	11.6	April	5
Services	10.0	10.7	June	9.4	Jan	13
Hotels & Motels	19.5	25.1	July	16.1	Jan	56

1/ Most recent 12 months of ES-202 data available.

2/ Peak employment in the timber industry normally occurs in June. Because of a downturn in the timber industry which began in late 1989, employment in October of that year was higher than employmentin in June of 1990.

Source: Alaska Department of Labor, Research & Analysis Section.

The "average" firm depends on industry

Saying that the average firm employs 13 people is like saying the average Alaskan household contains 2.9 people. Both statements are true, but finding an example is at best difficult. Average firm size varies widely

Table • 2

Number of Alaskan Firms by Employment Size Class

	Employment Size Class										
	0-4	**5-9**	**10-14**	**15-19**	**20-24**	**25-49**	**50-99**	**100-249**	**250-499**	**500-999**	**1000+**
All Industries	8,015	2,613	1,018	553	276	547	287	176	52	22	8
Ag, Forestry & Fishing	128	24	11	6	3	3	1	1			
Mining	92	25	12	10	6	13	16	15	2	1	3
Construction	1,123	259	110	46	25	44	20	9	1	1	
Manufacturing	202	87	48	28	19	43	34	24	9	5	1
Seafood Processing	27	11	14	6	7	25	21	14	5	3	1
Lumber & Wood Products	42	12	5	4	5	6	10	7	1		
Transportation	703	207	87	43	31	68	36	24	8	4	1
Trade	1,967	826	321	183	89	160	85	49	15	6	1
Wholesale	434	162	73	35	22	40	17	8	1		
Retail	1,533	664	248	148	67	120	68	41	14	6	1
Finance, Ins.& R.E.	531	140	58	41	14	38	17	6	1	2	1
Services	3,269	1,045	371	196	89	178	78	48	16	3	1

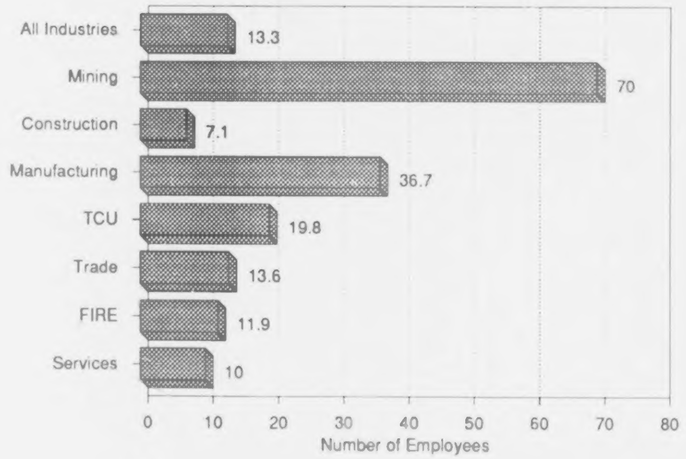
Source: Alaska Department of Labor, Research & Analysis Section.

among the various industries. For example, mining is an industry with many firms in the Top 100 listing -- large scale, labor intensive projects characterize this industry. There are many small mining firms, but a disproportionate number of firms in this industry have employment of 25 or more. The average employment in the mining industry was 70, or more than five times the average for all industries. (See Figure 1.)

Near the opposite end of the spectrum was construction. While mega-projects such as Bradley Lake or pipeline repair work require many employees, small contractors

Figure • 1

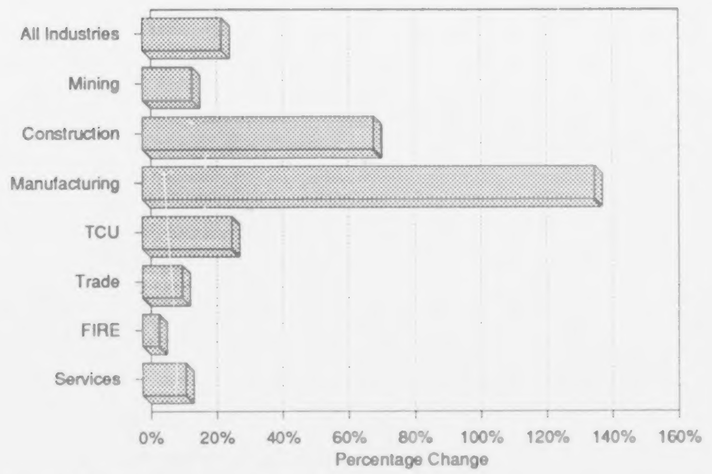
Mining Leads Average Firm Size by Industry



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Seasonal Fluctuation in Employment by Industry



Source: Alaska Department of Labor, Research and Analysis Section.

with only a handful of employees make up most of the industry. The average construction firm employs only seven people at any time.

Seasonal variations apparent in employment figures

The industries also differ in their employment patterns over the year. To create a measure of seasonal employment change, the percentage increase between the smallest and largest average monthly employment figures was computed in Table 1. A value of 0% means that average employment per firm did not change during the year. A value of 100% would mean that peak employment was twice as high as the minimum average monthly employment recorded in that industry.

Overall, average employment per firm went from 12 in January to 14.9 in July. This is an increase of 24% from the lowest employment month to the highest. (See Figure 2.) The most seasonal industry was seafood processing, where

Methodology

Employment data were extracted from the "Quarterly Employment and Earnings Report" database. All firms subject to state unemployment insurance laws must file a report showing their total payrolls by quarter and their employment during the pay period that includes the 12th day of each month. Not included in this employment database are the self-employed, unpaid family help, domestics, and most persons engaged in agriculture (including seafood harvesting).

The analysis includes only private sector firms. If a single firm had several different stores or worksites, its employment was totaled and allocated to that one firm.

Employment trends were analyzed on a monthly basis, then aggregated to compute the annual figures. Several considerations might keep a firm from being included in the analysis. These include:

- firms found not liable for unemployment insurance payments during a quarter;
- firms having no employment and no payroll during the entire year; and
- firms which did not identify their industry or major activities to the Department of Labor.

The exclusion of these firms decreased the total count of firms in Alaska by nearly 2,000 each quarter. (The total count of firms fell from 14,067 to 12,145 when using this methodology.)

the highest average monthly employment was 322% higher than that of the lowest. As expected, December marked the low point in employment per firm, while July saw the highest employment per firm. Following seafood processing were the lumber and wood products, utilities, and construction industries.

The finance, insurance and real estate industry (FIRE) was the most stable, with only a 5% change in employment over the course of the twelve months. A 5% change is very small. Considering that the lowest and highest employment figures were only two months apart, it is reasonable to say that FIRE shows no seasonal employment pattern.

Trade, services and mining followed FIRE as the industries with the most stable employment throughout the year. Trade shows a seasonal pattern unique among the industries; the industry has two peaks during the year. One occurs during the summer months, consistent with other industries. A second employment peak hits in December with the holiday rush. General merchandise and apparel stores exhibit this trend to the greatest degree — their employment in December being higher than at any month during the summer.

A few large firms, many small ones, none typical

Alaska's large employers are important to the economy. The Trends 100 firms have an average employment of more than 500. The average for all other firms in Alaska is only 9.3, rising to 13.3 only with the inclusion of the Trends 100. The Trends 100 firms account for about 30% of total employment. While this is a very large share, 70% of total employment falls outside of these large firms.

No one can pick the typical Alaskan company. The various industries show vastly different patterns of employment. Both the levels and the seasonal nature of employment are dissimilar among industries, but all share one trait. Throughout all industries, throughout all regions, and throughout the year, the majority of firms in Alaska employ a small number of workers.

1990Census*Bulletin*

The 1990 census counted all persons living in either households or group quarters (prisons, college dormitories, military barracks, or other institutions).

Alaska's household composition in 1990 did not differ significantly from the U.S., and mirrored national *Trends* during the 1980's. Family households (70.3%) continued to decline while nonfamily households (29.7%) increased. Traditional family households, married couples, declined by almost five percent, from 61.1% in 1980 to 56.2% in 1990. Family households headed by single persons, male or female, grew over twice as fast as those headed by married couples. Nonfamily householders, those living alone (20.1% in 1990) or unrelated persons living together, also continued to gain a larger share of total households possibly due to the elderly living more independently and the young delaying marriage.

Since housing units increased more rapidly (42.9%) than the population (36.9%), there was a decline in Alaskan household size from 2.93 persons in 1980 to 2.80 in 1990. Nationally, the average number of persons living in an occupied unit was 2.63 persons in 1990, down from 2.75 in 1980 and 3.11 in 1970.

Additional information regarding census and demographic chacteristics of the state can be obtained from *Alaska Population Overview*, published annually by the Alaska Department of Labor, Research and Analysis Section.

	1990	1980	Percent Change	1990 % of Total Households -Alaska-	1980 % of Total Households -Alaska-	1990 % of Total Households -U.S.-
TOTAL HOUSING UNITS	232,608	162,825	42.9%			
TOTAL HOUSEHOLDS (Occupied)	188,915	131,463	43.7%	100.0%	100.0%	100.0%
Family Households (families)	132,837	95,564	39.0%	70.3%	72.7%	70.2%
Married-couple families	106,079	80,344	32.0%	56.2%	61.1%	55.1%
Other family, male householder	8,529	4,948	72.4%	4.5%	3.8%	3.4%
Other family, female householder	18,229	10,272	77.5%	9.6%	7.8%	11.6%
Nonfamily Households	56,078	35,899	56.2%	29.7%	27.3%	29.8%
Householder living alone	41,826	26,467	58.0%	22.1%	20.1%	24.6%
Persons per household	2.80	2.93	-4.4%			

Source: Alaska Department of Labor, Research and Analysis Section.

A Notable Moderation In Employment Growth

By Neal Fried

In May Alaska's economy generated 6,300 more jobs than there were in April as Alaska's economy continued its perennial upturn. (See Table 1.) Nearly all of the industries and regions contributed to May's employment climb. Only government did not advance, mainly because both schools and universities were closing for the summer.

On a more temperate note, over-the-year growth (a better gauge of the economy) slowed to 1% in May. (See Figure 1.) This is the slowest employment growth rate since 1988. The growth rate began moderating in 1990 and slowed further in 1991. A myriad of industries and geographic areas contributed to this slowdown in Alaska's employment growth.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 5/91	r/ 4/91	5/90	Changes from: 4/91	Changes from: 5/90
Total Nonag. Wage & Salary	243,100	236,800	240,700	6,300	2,400
Goods-producing	40,300	37,900	40,000	2,400	300
Mining	11,800	11,700	11,200	100	600
Construction	10,300	9,100	10,500	1,200	-200
Manufacturing	18,200	17,100	18,300	1,100	-100
Durable Goods	3,700	3,500	4,400	200	-700
Lumber & Wood Products	2,800	2,700	3,500	100	-700
Nondurable Goods	14,500	13,600	13,900	900	600
Seafood Processing	10,600	9,800	10,100	800	500
Pulp Mills	900	900	900	0	0
Service-producing	202,800	198,900	200,700	3,900	2,100
Transportation	21,400	20,000	20,600	1,400	800
Trucking & Warehousing	2,600	2,500	2,600	100	0
Water Transportation	1,500	1,200	1,500	300	0
Air Transportation	6,600	6,300	6,600	300	0
Communications	3,500	3,500	3,300	0	200
Trade	47,000	45,300	46,600	1,700	400
Wholesale Trade	8,600	8,400	8,200	200	400
Retail Trade	38,400	36,900	38,400	1,500	0
Gen. Merch. & Apparel	5,700	5,700	5,600	0	100
Food Stores	6,700	6,500	6,700	200	0
Eating & Drinking Places	13,600	12,700	13,800	900	-200
Finance-Ins. & Real Estate	10,400	10,300	10,400	100	0
Services & Misc.	52,500	51,100	51,400	1,400	1,100
Hotels & Lodging Places	5,500	5,000	5,300	500	200
Government	71,500	72,200	71,700	-700	-200
Federal	18,400	18,000	19,000	400	-600
State	20,800	22,100	20,800	-1,300	0
Local	32,300	32,100	31,900	200	400

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates *r/ denotes revised estimates*

Source: Alaska Department of Labor, Research & Analysis Section.

Timber, construction and government put a drag on the economy

There were 700 fewer jobs in Alaska's wood products industry this May compared to last May. After four years of strong employment growth, timber employment is falling. The causes are lawsuits, declining timber supplies and new federal legislation. (See article in June 1991 *Alaska Economic Trends*.) The harvest side of the wood products industry took the brunt of the losses. There are signs, however, the timber mills are now beginning to feel the pinch. Chilkoot Lumber of Haines recently announced they were shutting down, putting more than 100 workers out of work. More layoffs are expected. These layoffs in the wood products industry are the major cause for Southeast's poor economic performance. Employment in May in Southeast was 2.7% off from last year levels.

A surprise straggler in May was construction. For the second month in a row construction employment fell slightly behind 1990's. (See Figure 2.) From a visible standpoint this is difficult to believe. In many communities this spring's road construction detours are a greater nuisance than usual. More residential construction is taking place in many Alaskan towns. If this is the case, how is it possible that overall construction activity was down in April and May?

During the past three years there were a number of large projects which were not in full sight of the public because of their remote locations. Many of them are now completed or nearing completion. One is the Bradley Lake project near Homer. The work force in 1990 at this remote site peaked at 300. Presently employment is 75. The winding down of the Bradley Lake project is also a major contributing factor in the Gulf Coast region's small over-the-year employment loss. (See Table 2.)

The tapering of construction activity on Fairbanks's two military bases is also contributing to the state's smaller construction employment figures. The value of these projects peaked at $180 million in 1989. The value of work in 1991 is less than half that figure. The present overall tepid employment performance in Fairbanks is a partial reflection of the decline in military-related construction.

By May of this year oil pipeline repair activity was not keeping up with last year's level. In addition, the construction phase of three seafood processing plants in Dutch Harbor is complete (or nearly so).

Construction declines— a lull in activity?

It is possible that April and May's soft construction numbers could simply be a temporary lull. For example, the state's capital budget for fiscal year 1992 (which began July 1991) is substantially larger than 1991's. A number of other large projects are just getting underway. They include the new hotel at Alyeska Resort, University of Alaska Anchorage's new classroom building, the new Alaska Railroad headquarters and the Veterans Administration building in Anchorage, the widening of the Glenn Highway in the MatSu Borough, the new Sears and Fred Meyer stores in Fairbanks, and a host of other projects. Construction will be an interesting industry to watch in 1991.

Federal employment declines, state government loses steam

Employment in the public sector was the other major restraint on Alaska's employment growth. The big loss was on the federal level. This is no reflection on the health of the economy. Last year, an army of 850 census enumerators were working on the 1990 census in May. With their work done, this work force disappeared. Other, more permanent, federal civilian employment was up in May. There was also some positive economic news on the federal front for the future. The air force announced that they will upgrade the Elmendorf AFB hospital to serve as the primary air force medical facility in the Pacific theater. This means that more than 200 medical personnel will relocate to Elmendorf this year.

State government employment was unchanged over-the-year. Nonuniversity-related state government employment was actually down in May. This trend is not likely to change. University-related employment growth was large enough to offset these losses. This means state government employment will no longer be the economic prod it was in 1989 and 1990.

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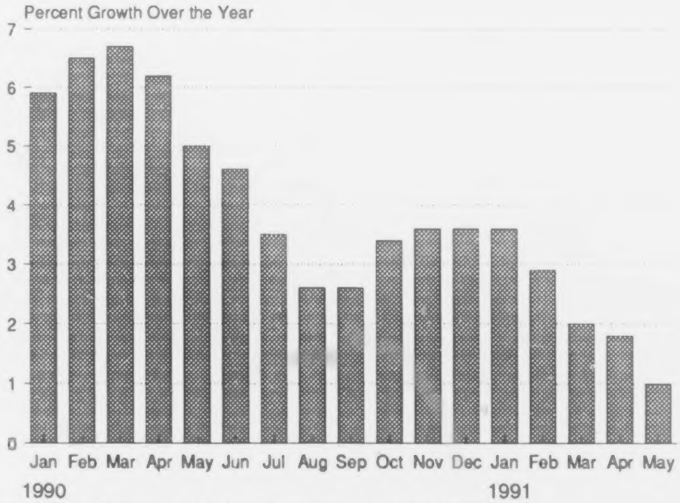
Figure • 1

Alaska Employment Growth Slows



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	113,400	112,350	110,650	1,050	2,750
Goods-producing	12,200	11,700	11,650	500	550
Mining	4,050	4,200	3,800	-150	250
Construction	5,700	5,100	5,500	600	200
Manufacturing	2,450	2,400	2,350	50	100
Service-producing	101,200	100,650	99,000	550	2,200
Transportation	11,600	11,100	11,100	500	500
Trucking & Warehousing	1,650	1,550	1,550	100	100
Water Transportation	400	250	350	150	50
Air Transportation	4,050	4,000	4,050	50	0
Communications	2,100	2,050	1,900	50	200
Trade	26,250	25,900	25,950	350	300
Wholesale Trade	6,000	6,050	5,850	-50	150
Retail Trade	20,250	19,850	20,100	400	150
Gen. Merch. & Apparel	3,000	2,900	3,000	100	0
Food Stores	3,250	3,250	3,200	0	50
Eating & Drinking Places	7,650	7,550	7,650	100	0
Finance-Ins. & Real Estate	6,500	6,450	6,500	50	0
Services & Misc.	30,050	29,750	28,650	300	1,400
Hotels & Lodging Places	2,350	2,450	2,300	-100	50
Government	26,800	27,450	26,800	-650	0
Federal	10,350	10,450	10,550	-100	-200
State	7,550	8,250	7,350	-700	200
Local	8,900	8,750	8,900	150	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	27,750	26,650	27,650	1,100	100
Goods-producing	2,250	1,750	2,450	500	-200
Mining	200	150	200	50	0
Construction	1,450	1,050	1,650	400	-200
Manufacturing	600	550	600	50	0
Service-producing	25,500	24,900	25,200	600	300
Transportation	1,950	1,850	1,950	100	0
Trucking & Warehousing	400	450	450	-50	-50
Air Transportation	450	450	450	0	0
Communications	300	300	300	0	0
Trade	6,350	5,700	6,250	650	100
Wholesale Trade	800	750	750	50	50
Retail Trade	5,550	4,950	5,500	600	50
Gen. Merch. & Apparel	600	550	550	50	50
Food Stores	800	750	800	50	0
Eating & Drinking Places	2,400	1,900	2,350	500	50
Finance-Ins. & Real Estate	800	800	850	0	-50
Services & Misc.	6,250	6,100	6,150	150	100
Government	10,150	10,450	10,000	-300	150
Federal	3,200	3,050	3,250	150	-50
State	4,100	4,500	4,000	-400	100
Local	2,850	2,900	2,750	-50	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	121,050	119,550	117,900	1,500	3,150
Goods-producing	12,700	12,150	12,000	550	700
Mining	4,200	4,300	3,800	-100	400
Construction	5,950	5,350	5,750	600	200
Manufacturing	2,550	2,500	2,450	50	100
Service-producing	108,350	107,400	105,900	950	2,450
Transportation	12,300	11,750	11,800	550	500
Trade	28,200	27,700	27,800	500	400
Finance-Ins. & Real Estate	6,950	6,900	6,900	50	50
Services & Misc.	31,500	31,050	30,050	450	1,450
Government	29,400	30,000	29,350	-600	50
Federal	10,400	10,500	10,700	-100	-300
State	8,350	9,050	8,100	-700	250
Local	10,650	10,450	10,550	200	100

Interior Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	32,000	30,500	32,100	1,500	-100
Goods-producing	2,600	2,000	2,800	600	-200
Mining	400	300	400	100	0
Construction	1,550	1,100	1,750	450	-200
Manufacturing	650	600	650	50	0
Service-producing	29,400	28,500	29,300	900	100
Transportation	2,150	2,050	2,200	100	-50
Trade	6,750	6,100	6,700	650	50
Finance-Ins. & Real Estate	900	850	900	50	0
Services	6,950	6,700	6,850	250	100
Government	12,650	12,800	12,650	-150	0
Federal	3,850	3,650	3,950	200	-100
State	4,400	4,750	4,350	-350	50
Local	4,400	4,400	4,350	0	50

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	33,950	32,650	34,900	1,300	-950
Goods-producing	6,450	6,100	7,100	350	-650
Mining	350	350	350	0	0
Construction	1,250	1,100	1,250	150	0
Manufacturing	4,850	4,650	5,500	200	-650
Durable Goods	2,350	2,300	3,100	50	-750
Lumber & Wood Products	2,300	2,250	3,000	50	-700
Nondurable Goods	2,500	2,350	2,400	150	100
Seafood Processing	1,400	1,250	1,300	150	100
Pulp Mills	900	900	850	0	50
Service-producing	27,500	26,550	27,800	950	-300
Transportation	2,700	2,400	2,650	300	50
Trade	5,550	5,200	5,500	350	50
Wholesale Trade	600	550	600	50	0
Retail Trade	4,950	4,650	4,900	300	50
Finance-Ins. & Real Estate	1,150	1,100	1,150	50	0
Services & Misc.	5,750	5,350	6,000	400	-250
Government	12,350	12,500	12,500	-150	-150
Federal	2,100	2,000	2,150	100	-50
State	5,450	5,600	5,600	-150	-150
Local	4,800	4,900	4,750	-100	50

Gulf Coast Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	25,150	23,750	25,250	1,400	-100
Goods-producing	7,200	6,550	7,150	650	50
Mining	1,150	1,100	1,200	50	-50
Construction	1,000	850	1,100	150	-100
Manufacturing	5,050	4,600	4,850	450	200
Seafood Processing	4,050	3,550	3,900	500	150
Service-producing	17,950	17,200	18,100	750	-150
Transportation	2,100	1,950	2,050	150	50
Trade	4,400	4,050	4,350	350	50
Wholesale Trade	600	500	600	100	0
Retail Trade	3,800	3,550	3,750	250	50
Finance-Ins. & Real Estate	600	550	600	50	0
Services & Misc.	4,750	4,600	4,700	150	50
Government	6,100	6,050	6,400	50	-300
Federal	500	450	650	50	-150
State	1,850	1,900	1,900	-50	-50
Local	3,750	3,700	3,850	50	-100

Northern Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	14,800	14,600	14,400	200	400
Goods-producing	6,100	5,950	5,900	150	200
Mining	5,650	5,550	5,450	100	200
Service-producing	8,700	8,650	8,500	50	200
Government	4,500	4,550	4,450	-50	50
Federal	250	250	300	0	-50
State	350	350	350	0	0
Local	3,900	3,950	3,800	-50	100

Southwest Region

	p/	r/		Changes from:	
	5/91	4/91	5/90	4/91	5/90
Total Nonag. Wage & Salary	16,400	15,550	16,150	850	250
Goods-producing	5,300	5,000	5,050	300	250
Seafood Processing	4,950	4,700	4,650	250	300
Service-producing	11,100	10,550	11,100	550	0
Government	6,400	6,200	6,450	200	-50
Federal	1,200	1,200	1,250	0	-50
State	550	550	550	0	0
Local	4,650	4,450	4,650	200	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor , Research & Analysis Section.

Local government was the only level of government still enjoying moderate gains. Most of the gains are a result of burgeoning school district enrollments.

Growth rates moderate for retail trade, services and others

In 1990 Alaska's largest private sector industries, retail trade and services, added 5,600 new jobs to Alaska's labor force. Retail trade employment grew 4.4% in 1990 and services grew at nearly twice that rate. In May 1991, retail trade stopped growing, and service employment managed to inch ahead by only 2.2%.

Like construction, retail's lack of growth could be a temporary lull. New expansion and entry later in the year may boost this industry's employment numbers. A partial list of these new entrants include a Sears and Fred Meyer in Fairbanks, a J.C Penny's in Juneau, a new Carrs store in Kenai, and two new warehouse stores in Anchorage.

The weakest link in the retail trade picture is in its largest sector, eating and drinking. Even in 1989 and 1990 this sector grew minimally as the rest of retail trade soared. It is uncertain why this is happening. Some possible explanations could be a changing demographic picture. More families are having children, which may cut down on visits to restaurants. There may also be fewer visits to drinking places because of this demographic shift. Competition from other sectors could also be taking a bite out of their business. For example, an increasing number of grocery stores are offering prepared foods that compete directly with restaurants.

The loss of foreign air carriers in Anchorage has also put a crimp in retail trade. As a result, Duty Free Shoppers and food caterers have cut their combined work forces by more than 200 employees.

Services, a broadly-defined industry, is no longer the engine of growth it was during the past two years. A healthy tourism season is keeping hotel employment above year-ago levels. Health and engineering services are also areas of strength. But legal, business and other services' employment is flat. Some of the reason for this could be the sluggish personal income picture. By the fourth quarter of 1990 (most recent data) total personal income was no longer growing.

Mining, oil and fishing remain on the fast track

The reopening of Valdez Creek mine in late 1990 is the principal reason for over-the-year employment growth in mining. The mine shut down in late 1989 which meant zero employment there in May of 1990. Presently 165 people are working at the Valdez Creek mine.

Although the oil industry's growth has moderated, it still managed to grow 3.4%. All the growth is in the oil field services portion of the oil industry. Maintenance work and some increase in exploration are propping up oil employment. The oil producers employment has stayed even.

Bottom fishing, crabbing and halibut kept a good portion of the seafood processing industry busier than it was last year. A record opilio crab (also known as snow crab) harvest was taken in the Bering Sea. The black cod fishery proved to be strong in May and the statewide halibut harvest was good. Also boosting the numbers in 1991 are three new plants or expansions operating in Dutch Harbor — Unisea, Westward, and Alyeska Seafoods.

Fish processors are finding plenty of workers this year

Alaska's unemployment rate returned to its pre-April trend — slightly above 1990's. (See Table 4.) The moderation in employment growth and an increase in the number of job seekers is keeping Alaska's unemployment rate higher than last year's. One good indicator of this is the smaller effort Alaska's fish processors are making to recruit workers. Normally at this time of year Alaska's fish processors are beginning to scramble to find enough workers. This year, however, the scramble appears to be absent. Plenty of job seekers are apparently ready and available to work the fishing season.

Summary: Alaska's economy decelerates

Employment in May enjoyed its standard seasonal upswing as the construction, fishing and tourism seasons shifted into high gear. On a less positive note, over-the-year growth was anemic. One has to reach back to 1988 to find equivalent slow rates of growth. The reasons for this slowdown are many.

The principal reason for this moderation is the poor showing in timber, construction and federal government employment. Timber's weakness exists for a number of reasons. Construction's softness exists because of the completion of several large projects. The absence of the 1990 Census work force is the reason why federal government is falling short.

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 5/91	r/ 4/91	5/90	p/ 5/91	r/ 4/91	5/90	p/ 5/91	r/ 4/91	5/90
Mining	$1,141.57	$1,149.60	$1,039.60	49.1	48.0	45.2	$23.25	$23.95	$23.00
Construction	1,057.77	1,047.27	1,147.68	43.8	43.6	48.0	24.15	24.02	23.91
Manufacturing	547.80	571.89	603.90	44.0	49.6	44.8	12.45	11.53	13.48
Seafood Processing	429.40	494.28	444.69	45.2	55.6	45.1	9.50	8.89	9.86
Trans., Comm. & Utilities	605.86	591.22	585.82	34.7	33.9	34.0	17.46	17.44	17.23
Trade	368.81	359.20	348.48	32.9	32.1	32.0	11.21	11.19	10.89
Wholesale	583.47	576.18	565.47	39.8	39.6	37.9	14.66	14.55	14.92
Retail	321.54	310.69	304.00	31.4	30.4	30.8	10.24	10.22	9.87
Finance-Ins. & R.E	389.42	397.80	405.45	33.6	34.0	34.1	11.59	11.70	11.89

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

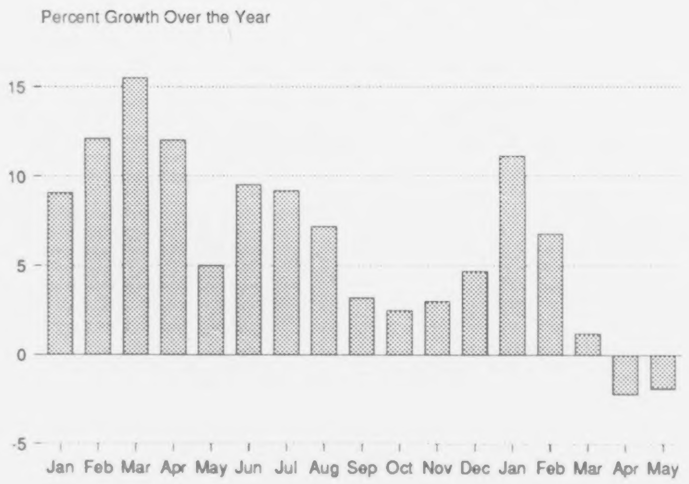
Source: Alaska Department of Labor, Research & Analysis Section.

Other industries' employment is stagnant or is growing at a slower rate than during the past two years. State government's over-the-year employment level was unchanged in May. The retail trade and services industries, which generated the largest number of new jobs over the previous two years, was either growing slowly or not at all.

On the bright side the mining, oil and fishing industries are still providing some boost to the state's economy. Overall employment is still growing, just not fast enough to absorb the surge of new job seekers.

Figure • 2

Alaska Construction Employment Declines January 1990 to March 1991



Source: Alaska Department of Labor, Research and Analysis Section.

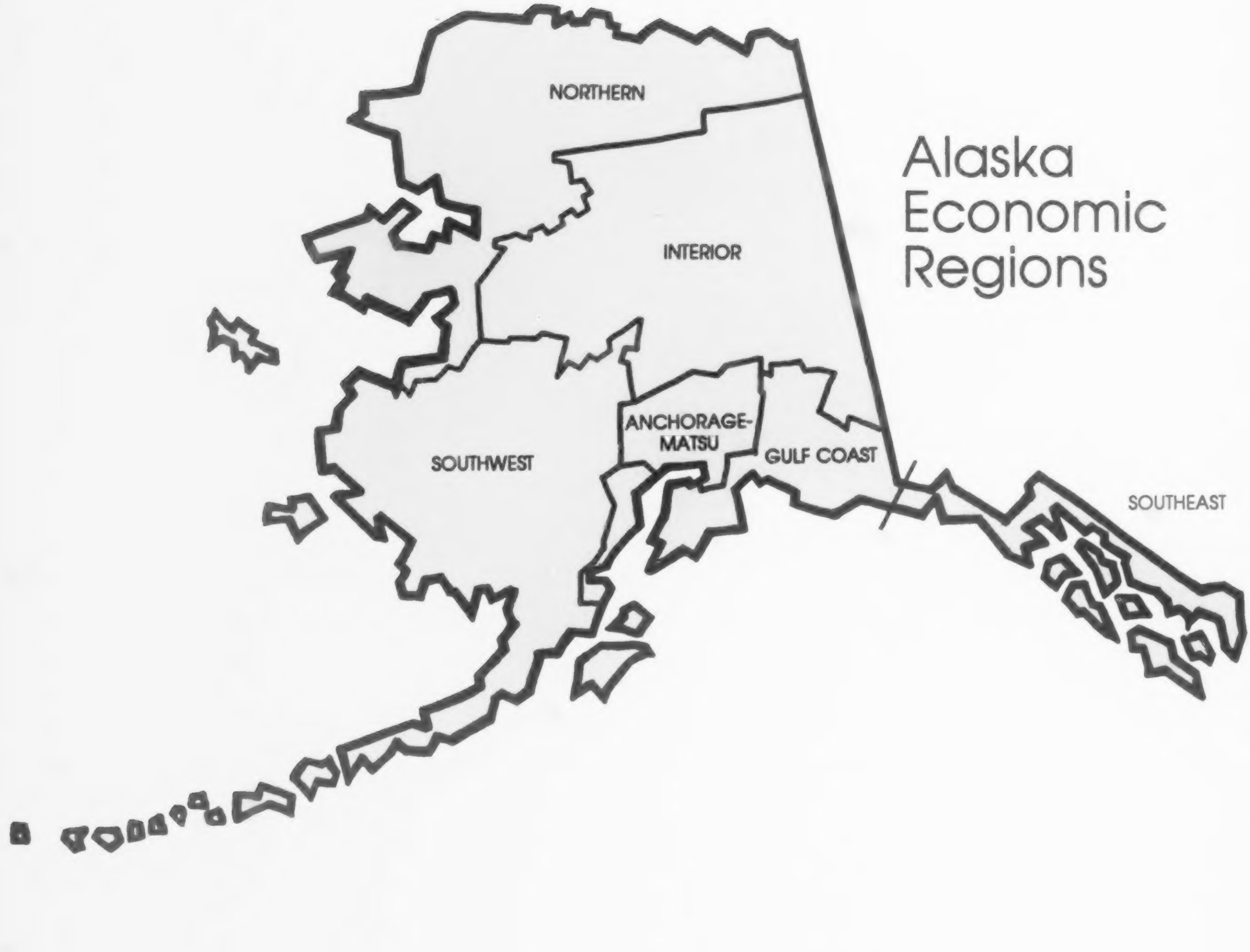
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 5/91	r/ 4/91	5/90	p/ 5/91	r/ 4/91	5/90	p/ 5/91	r/ 4/91	5/90	p/ 5/91	r/ 4/91	5/90
Alaska Statewide	259,561	257,056	257,428	19,822	18,024	18,973	7.6	7.0	7.4	239,739	239,032	238,455
Anch.-MatSu Region	133,796	134,538	130,569	8,995	8,227	8,430	6.7	6.1	6.5	124,801	126,311	122,139
Municip. of Anchorage	117,848	119,080	115,287	6,983	6,416	6,453	5.9	5.4	5.6	110,865	112,664	108,834
MatSu Borough	15,948	15,458	15,282	2,012	1,811	1,977	12.6	11.7	12.9	13,936	13,647	13,305
Gulf Coast Region	31,556	30,148	31,803	3,176	2,744	3,132	10.1	9.1	9.8	28,380	27,404	28,671
Kenai Peninsula Borough	19,392	18,829	19,619	2,003	2,038	2,052	10.3	10.8	10.5	17,389	16,791	17,567
Kodiak Island Borough	7,405	6,628	7,021	779	230	327	10.5	3.5	4.7	6,626	6,398	6,694
Valdez-Cordova	4,759	4,691	5,163	394	476	753	8.3	10.1	14.6	4,365	4,215	4,410
Interior Region	36,183	35,149	36,311	3,648	3,334	3,581	10.1	9.5	9.9	32,535	31,815	32,730
Fairbanks North Star Bor.	31,237	30,321	31,226	3,027	2,735	2,847	9.7	9.0	9.1	28,210	27,586	28,379
Southeast Fairbanks	2,044	1,995	2,094	241	232	280	11.8	11.6	13.4	1,803	1,763	1,814
Yukon-Koyukuk	2,902	2,833	2,991	380	367	454	13.1	13.0	15.2	2,522	2,466	2,537
Northern Region	8,447	8,387	8,336	822	634	857	9.7	7.6	10.3	7,625	7,753	7,479
Nome	3,151	3,135	3,071	362	300	335	11.5	9.6	10.9	2,789	2,835	2,736
North Slope Borough	3,005	3,013	2,957	121	80	128	4.0	2.7	4.3	2,884	2,933	2,829
Northwest Arctic Borough	2,291	2,239	2,308	339	254	394	14.8	11.3	17.1	1,952	1,985	1,914
Southeast Region	35,831	35,463	36,737	2,406	2,380	2,219	6.7	6.7	6.0	33,425	33,083	34,518
Haines Borough	931	878	892	136	91	71	14.6	10.4	8.0	795	787	821
Juneau Borough	15,819	15,647	16,274	703	686	664	4.4	4.4	4.1	15,116	14,961	15,610
Ketchikan Gateway Bor.	6,770	6,692	6,920	576	561	523	8.5	8.4	7.6	6,194	6,131	6,397
Pr. of Wales-Outer Ketch.	2,795	2,758	2,868	330	318	322	11.8	11.5	11.2	2,465	2,440	2,546
Sitka Borough	4,104	4,069	4,229	167	172	163	4.1	4.2	3.9	3,937	3,897	4,066
Skagway-Yakutat-Angoon	1,743	1,747	1,809	204	224	220	11.7	12.8	12.2	1,539	1,523	1,589
Wrangell-Petersburg	3,669	3,672	3,745	290	328	256	7.9	8.9	6.8	3,379	3,344	3,489
Southwest Region	13,748	13,371	13,672	775	705	754	5.6	5.3	5.5	12,973	12,666	12,918
Aleutians East Borough	957	932	957	7	5	11	0.7	0.5	1.1	950	927	946
Aleutians West	2,689	2,621	2,689	28	23	40	1.0	0.9	1.5	2,661	2,598	2,649
Bethel	5,312	5,151	5,246	395	350	350	7.4	6.8	6.7	4,917	4,801	4,896
Bristol Bay Borough	507	515	517	5	25	17	1.0	4.9	3.3	502	490	500
Dillingham	2,464	2,415	2,477	115	121	138	4.7	5.0	5.6	2,349	2,294	2,339
Wade Hampton	1,819	1,737	1,786	225	181	198	12.4	10.4	11.1	1,594	1,556	1,588

Notes: p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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September 1991

NOME:GOLD & GOVERNMENT RULE THE ECONOMY

ALASKA DEPARTMENT OF LABOR WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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September 1991
Volume 11
Number 9

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Employment Service

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Funding for the oil spill article on page nine was provided by the Alaska Department of Environmental Conservation.

Cover design by Jim Fowler

Nome: Gold & Government Rule The Economy

by Holly Stinson

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Many think of Nome as a turn-of-the-century gold rush town, whose gold boom faded almost as quickly as it began. In fact, gold mining was the economic activity that kept Nome from becoming a ghost town in the 1920s. Today gold mining continues as an important economic activity in the Nome area. Nome is where people from outlying villages come for goods and services. Tourists arrive in the summer to see the historic town, and the birds and wildlife in the region. Once known worldwide because of its gold beaches, it is now known worldwide as the town where the Iditarod Sled Dog race ends.

The town that gold built

Miners founded Nome in 1898 after discovering gold in the nearby hills. A year later some miners discovered that the beaches were also laden with gold, and the rush was on. People flocked to Nome from all over the world. Soon tents and wooden buildings crowded the town, leaving little room for streets. The 1900 census counted 12,488 people in Nome, making it Alaska's largest city. Estimates put peak population that summer at 20,000.

Once people had mined out the beach gold, population fell rapidly; the next census showed 10,000 fewer Nomeites in 1910. Then gold mining collapsed during World War I, and fewer than 1,000 people resided in Nome by the 1920 census. The mining industry was now using huge dredges operated by many workers instead of small sluice-boxes operated by one or two miners.

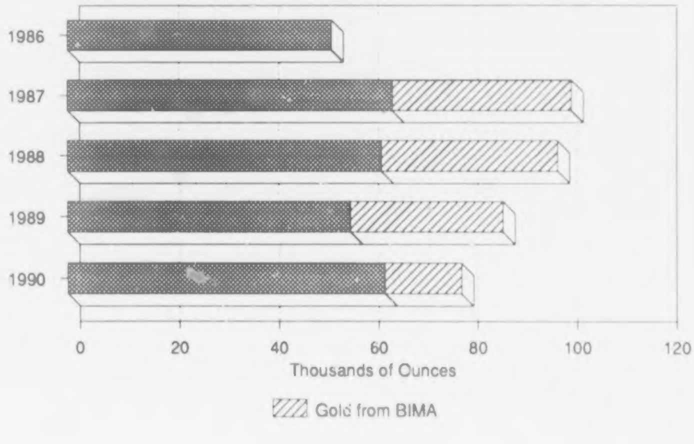
Miners made an important discovery in 1925. Cold-water techniques thawed the frozen ground as well as using steam or hot water. This lowered operating costs and allowed these large dredges to operate profitably. They served as Nome's economic base for almost 40 years, until the last one shut down in 1962. Labor and other costs inevitably rose, while the price of gold remained fixed at $35/ounce. Even cold-water thawing couldn't forever allow profitable operation of the dredges.

With gold's deregulation in the 1970s, the price increased and gold mining dredges were once more part of the Nome scenery. Mining employment mushroomed in the late 1980s. (See Table 1.) One company, WestGold, even began mining the ocean floor with the world's largest offshore mining dredge in 1986. Production from this 16-story high dredge, nicknamed the BIMA, contributed 35% or more to the Western mining region's total. (See Figure 1.) Even before the BIMA started operating, the Western region was the highest-producing in the state.

The BIMA, however, proved uneconomical. Nome's economy was dealt a blow when WestGold officials decided to sell the BIMA and cease operations after the 1990 mining season. One estimate put the economic loss to Nome at $6 million a year. The BIMA's

Figure • 1

BIMA's Effect on Gold Production in the Western Region*



Source: Alaska Department of Natural Resources

**Nome and seven nearby mining districts.*

departure meant a loss of more than 100 jobs, many of which were year-round.

Another mining company with on-shore dredges has fared better. Alaska Gold—whose dredges were the first to start up in the mid-1970s—are still operating. The company believes they can continue operating for at least 30 years. In 1990, the second- and third-largest gold producers in the state operated in Nome (the new Greens Creek mine near Juneau is the largest).

Today mining accounts for only 6% of all jobs in the Nome area; however, the mining industry accounts for 13% of total payroll in the region.(See Figure 2.) Not included in the Alaska Department of Labor's employment statistics are the smaller operations with self-employed miners. In addition to direct employment, mining operations in the Nome area indirectly support many more jobs in other sectors of the economy. Mining remains an important ingredient to the city and the entire region.

Government accounts for almost half of all jobs

Although mining was the reason for Nome's founding, today the sector employing the most people is government. Almost half—46%—of all wage and salary jobs in the Nome census area are with the federal, state or local governments. (Statewide, the figure is 30%.) This includes all education jobs, at the University of Alaska's Northwest campus as well as primary and secondary schools. Nome has its own city school district; the Bering Strait school district, based in Unalakleet, serves the other villages of the area. Only 14% of state government employment is with the college, but 55% of the local government jobs are with the school districts. The local government in the City of Nome also operates a mini-convention center, a visitors center, and a recreation facility.

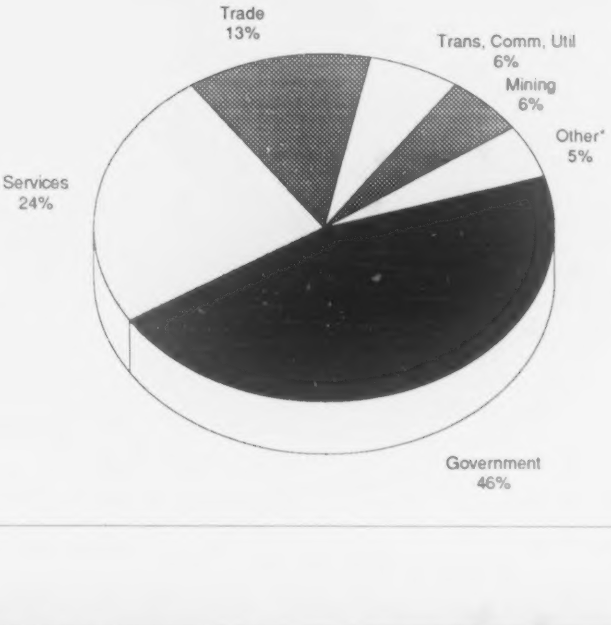
Rural areas usually have a higher percentage of government jobs. Their economies are smaller yet the population still needs the services provided by the government sector. Both the quantity and the quality of government jobs makes this an important sector: many are high-paying, full-time, year-round jobs.

The Soviet connection revived

Nome served as a stop for the U.S.'s Lend/Lease program during World War II. Soviet aviators were stationed in Nome to ferry aircraft to the Soviet Union. Nome has once again played host to Soviet citizens as glasnost opened the door for Soviets to visit the U.S., and vice versa. A local Nome airline, Bering Air, made the first American flights to the Soviet Union in 1988. Now they make two chartered trips a week, flying miners, cultural groups, business people and tourists to the Soviet Union. A similar assortment of passengers arrive in Nome from the Soviet Union. For some, the destination is Nome and the surrounding area; others go on to Anchorage, Seattle or other cities. By the end of 1990, Bering Air had transported about 900 Soviets and 1,100 Americans between the two countries.

Figure • 2

Nome Census Area, 1990
Employment by Industry



Other includes construction, finance-insurance-real estate, and manufacturing.

Source: Alaska Department of Labor, Research and Analysis Section.

Although joint ventures are forming and the future holds promise, the Soviet visitors have not exactly been a boon to Nome's economy so far. They usually have rubles

Table • 1

Nome Census Area
Government employment highest of all industries 1980-1990

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	Percent of 1990 Employment Within City of Nome
Total	2,130	2,154	2,216	2,447	2,649	2,751	2,682	2,740	2,837	2,828	2,906	72.5
Mining	•	•	•	•	•	62	89	144	271	238	163	98.8
Construction	33	39	65	88	86	55	35	30	39	56	53	60.4
Manufacturing	•	•	•	•	•	•	•	•	•	•	•	•
Trans., Comm. & Utilities	143	176	160	173	186	201	231	307	221	176	186	73.1
Wholesale Trade	•	•	•	•	•	•	•	•	•	•	•	•
Retail Trade	249	286	303	294	303	311	327	321	330	331	376	60.6
Finance, Ins. & Real Estate	120	54	54	79	83	103	76	73	71	74	83	33.7
Services	602	575	468	512	536	582	583	596	582	650	703	76.8
Government	849	913	1,018	1,194	1,346	1,424	1,328	1,261	1,319	1,294	1,327	73.2
Federal	161	145	132	157	134	111	99	94	94	96	98	95.9
State	178	193	220	244	243	246	242	215	217	230	234	97.4
Local	511	575	667	793	969	1,067	987	952	1,008	968	995	23.6

• Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section.

to spend, which are not convertible to any other currency. Several Nome merchants accept them in trade for goods and services as a gesture of good will. Eventually, they hope the ruble will become a legitimate international currency; but so far, their only value has come from selling them to visitors. Tourists began asking to purchase them as souvenirs after seeing the signs in merchants' windows, "we accept many rubles." One would think these rubles could be used on return visits to the Soviet Union. Most Soviet businesses, however, are insisting on dollars, not rubles, for purchases of goods and services there.

Soviet visitors have added a new dimension to Nome's already-thriving tourist industry. The local convention and visitors bureau estimates 10,000-12,000 people have visited Nome each year for the past five years. About half are on package tours during the summer; the other half are independent travelers who come for bird-watching, tourism, or to attend conferences. In March of each year, the City of Nome hosts the largest basketball tournament in the world and a golf tournament played on what are likely the world's most unique greens—the frozen Bering Sea.

Another draw at this time of year is the end of the Iditarod Sled Dog race. This world-famous dog race traces its roots to 1925. That year the discovery of cold-water thawing gave Nome an economic base in gold mining for 40 years. Another 1925 event was to have an economic impact far into the future. A diptheria outbreak resulted in the now-famous dash by dogsled to get serum to Nome. A long distance sled dog race along that same route, the Iditarod Trail, ends in Nome during March of each year. The mushers participating in that race, along with news reporters and other visitors, swell Nome's population and coffers during March. (See Figure 3.)

Table • 2

Nome Census Area
Population grows by 27 percent

			Percent Change	Age in 1990		
	1990 Census	1980 Census	1980 to 1990	Under 5	65 & Over	Median Age
Nome Area Census Area	8,288	6,537	27	1,073	419	26.4
Brevig Mission	198	138	43	35	9	22.9
Council	8	19	-58	n/a	n/a	n/a
Diomede (Inalik)	178	139	28	27	6	22.7
Elim	264	211	25	43	14	22.8
Gambell	525	445	18	75	22	24.2
Golovin	127	87	46	21	8	24.3
Koyuk	231	188	23	33	14	23.8
Nome	3,500	2,544	38	369	166	29.2
St. Michael	295	239	23	42	11	19.9
Savoonga	519	491	6	70	23	24.4
Shaktoolik	178	164	9	31	15	22.9
Shishmaref	456	394	16	66	13	21.3
Solomon	6	4	50	n/a	n/a	n/a
Stebbins	400	331	21	72	20	17.7
Teller	151	212	-29	24	6	25.8
Unalakleet	714	623	15	89	41	26.3
Wales	161	133	21	28	12	27.1
White Mountain	180	125	44	26	15	27.9
Balance of the Nome Census Area	211	73	189	n/a	n/a	n/a
State of Alaska	550,043	401,851	37	54,897	22,369	27.4

Source: U.S. Department of Commerce, Bureau of the Census

Bering Sea closes Nome's sea link

Nome's location has played a role in its economic fortunes. It is on the south coast of the Seward Peninsula, unprotected from the storms of the Bering Sea and without a deep-water harbor. This has had two effects on the city:

1. Bering Sea storms nearly obliterated the section of town nearest the shore on more than one occasion, and

2. freight had to be lightered to shore by intermediary, shallow-draft craft.

The storm devastation resulted in several proposals to move the town to a better (sheltered) location with a harbor. Instead, the federal government built a granite sea wall in 1949-51 to protect the city. The fact that freight had to be lightered added to already high shipping costs and limited Nome's development as a port. A new port facility, which includes a causeway enabling medium-draft vessels to unload directly, was constructed in 1982-86. Nome still doesn't have a deep-water port, so much of the freight is still lightered. And because the Bering Sea freezes over, no freight can arrive by sea for six months of each year.

Unlike most of rural Alaska, the Nome area has a system of roads which has spurred mineral development by allowing easy access to otherwise remote areas. This makes it possible to drive to Teller, Council, Solomon and Taylor. The Native regional

Table • 3

Nome Census Area Population in 1990 by Sex, Race and Hispanic Origin

	Sex		Race						
	Male	Female	White	Black	American Indian	Eskimo	Aleut	Other Race	Hispanic Origin (of any race)
Nome Census Area	4,480	3,808	2,023	9	87	6,026	35	108	106
Brevig Mission	96	102	15	0	0	182	1	0	0
Diomede (Inalik)	100	78	10	0	1	163	3	1	0
Elim	148	116	22	0	0	237	5	0	0
Gambell	300	225	20	0	1	504	0	0	0
Golovin	66	61	9	0	1	117	0	0	1
Koyuk	128	103	11	0	2	216	1	1	0
Nome	1,902	1,598	1,574	6	68	1,745	11	96	95
St. Michael	157	138	26	0	1	268	0	0	1
Savoonga	260	259	25	0	0	493	1	0	1
Shaktoolik	96	82	10	0	0	164	4	0	0
Shishmaref	241	215	24	0	1	429	1	1	0
Stebbins	203	197	20	1	2	376	1	0	1
Teller	87	64	20	0	1	130	0	0	0
Unalakleet	377	337	125	1	6	574	4	4	4
Wales	90	71	15	0	0	143	0	3	2
White Mountain	95	85	20	1	2	154	2	1	0

Source: U.S. Department of Commerce, Bureau of the Census.

corporation, Bering Straits, sells gravel from various pit sites for the Seward Peninsula's 300-mile road system.

Bering Straits Regional Corporation is involved in a myriad of other businesses, too. They have exploration agreements with various mining operators, including one in the Soviet Union. In a joint venture with Nome's village corporation, Sitnasauk, they operated a rock quarry that provided granite during development of the Red Dog mine north of Kotzebue. The granite also went into the construction of Nome's causeway. In the future, it could provide granite for other seawalls along Alaska's western coast.

Services garners most private employment

The City of Nome serves as a regional hub for outlying villages. Even though less than half the area's population is within the city, more than three-fourths of the services jobs are located there. (See Table 1.) Almost half of private employment in the Nome census area is with this eclectic group of employers, which includes membership organizations such as the regional corporation, firms offering business and personal services, hotels, and legal and health care providers.

One large health care provider, the Norton Sound Health Corporation, is the largest private employer in the Nome area. One in ten jobs in the Nome census area, whether public or private, are with this corporation. They can't be dismissed as the proverbial big fish in a small pond, either; they ranked as Alaska's 69th largest private employer in 1990. As the local contractor to provide health care to Alaska Natives, they receive half of their operating funds through the U.S. Indian Health Service. In addition to operating the hospital in Nome, they have employees in every Nome area village. In fact, 19% of their employment is outside the City of Nome.

Table • 4

Nome Census Area Household characteristics

	Number of Family Households						
			Female householder no husband present*				
	Total	Married couples	Total	With related Children	No. of Nonfamily Households	Persons Per Household	Persons per Family
Nome Census Area	1,723	1,081	346	271	648	3.41	4.07
Brevig Mission	40	15	11	9	13	3.74	4.08
Diomede (Inalik)	33	18	6	5	8	4.34	4.73
Elim	58	31	15	13	15	3.62	4.10
Gambell	98	59	14	12	22	4.38	5.04
Golovin	25	15	5	4	17	3.02	4.20
Koyuk	48	27	15	13	13	3.79	4.42
Nome	751	503	144	106	368	2.98	3.62
St. Michael	55	35	12	11	14	4.28	4.85
Savoonga	96	64	15	13	20	4.47	5.16
Shaktoolik	38	31	3	3	8	3.87	4.42
Shishmaref	93	49	25	20	26	3.83	4.41
Stebbins	74	46	15	11	12	4.65	5.12
Teller	31	15	10	8	13	3.43	3.94
Unalakleet	161	105	33	25	46	3.45	4.01
Wales	38	20	9	7	11	3.29	3.76
White Mountain	39	19	8	6	19	3.10	3.77
State of Alaska	132,837	106,079	18,229	14,625	56,078	2.80	3.33

* Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Source: U.S. Department of Commerce, Bureau of the Census.

The smallest industry in the Nome area includes the oldest employer, the Nome Nugget newspaper, founded in 1901. In many coastal areas of the state seafood processing is a large portion of the local economy's manufacturing sector; but not in Nome. Although there are no processors, some commercial fishing takes place. The 1990 summer season netted close to half a million dollars worth of salmon; August's red king crab fishery pulled in approximately $578,000. The most valuable species in the Nome area is herring, which brought in more than $3.5 million in the 1990 two-day opening.

Subsistence is part of Nome's economy

Although commercial fishing is a small part of the area's economy, subsistence fishing is important to many residents. A 1983 study found 84% of households in the City of Nome harvested salmon. According to a 1984 survey, 45% of the village population in the Bering Straits region relied on subsistence hunting and fishing for most or all of their food.

The existence of this non-cash economy is why income statistics for the Nome area do not tell the whole story. Per capita income in 1989 was $15,103, an 8.8% increase over 1988 but among the lowest in the state. This compares to a statewide per capita figure of $21,375 in 1989, which is a 12.4% growth rate over 1988. The non-cash economy in the region, however, is not reflected in this income data and plays an import role in the area's economy.

Unemployment statistics for the Nome census area also do not tell the whole story. The rate for 1990 dropped below 9% (to 8.9%, the lowest in many years). Missing from the official definition of the unemployed, however, are those discouraged workers who have given up looking for work. To be included in the labor force, a person must be employed or have actively sought work in the past four weeks. In small towns residents are likely to know if a job opportunity exists. Therefore, they may well not have actively sought work in the past four weeks and not be included in the labor force.

Nome's population is younger, more male, than state

The Nome census area includes the City of Nome and 17 outlying villages. Table 2 shows the population counted in the 1990 census and the change from the 1980 census. According to the census, half of the City of Nome's residents are Alaska Natives or American Indians. This proportion rises to almost three-fourths when the entire census area is taken into account (see Table 3) and is much higher than the state's 15.6%. The Nome census area also has a higher male:female ratio (54.1% male vs. 52.7% statewide) and a younger median age. The census also found that the average number of persons per family and per household is higher in the Nome region than Alaska as a whole. (See Table 4.)

The Nome region added people at a slower rate during the 1980s than Alaska, but the City of Nome's population increase of almost 1,000 closely tracked the statewide growth rate of 37%. Only two towns in the region, Teller and Council, lost population over the past decade.

The outlook for Nome's future

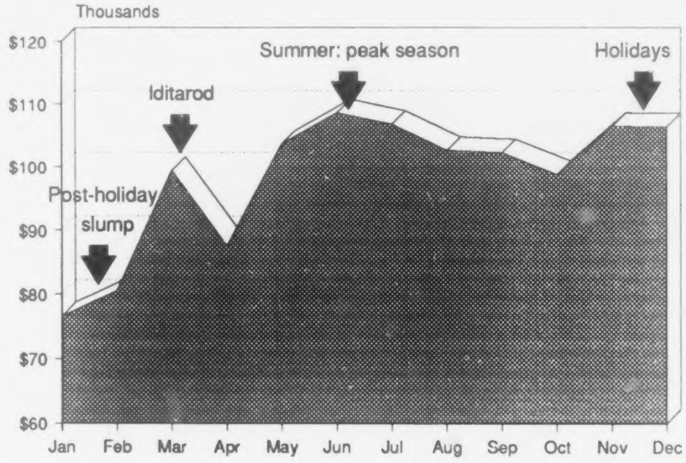
Although the Western Region has led the state in gold prodution for several years, this will likely change during 1991 for two reasons. One is that gold production in the Western Region should decline in 1991 since WestGold's BIMA, along with some other operators, will be gone. The second reason is that gold production in other regions of the state should increase in 1991, mainly from the Valdez Creek mine in the MatSu Borough and the Greens Creek mine near Juneau.

This is not to say the Western Region could not once again lead the state in gold production in the future. Much exploration work in the area continues, and the federal government is holding a lease sale for gold mining on offshore tracts, the first of its kind. The price of gold is always the big question mark in this industry.

Currently there is no oil and gas activity in the region. Two companies purchased leases in Norton Sound off the coast of Nome at a 1983 sale. They drilled some exploratory wells, and there was talk of the City of Nome becoming a logistics and support center for offshore drilling activities. The companies, however, relinquished the leases. The federal government may hold another oil and gas lease sale, but it would be mid-1996 at the earliest.

Figure • 3

The Four Seasons of Nome 1990



Source: 1990 city sales tax revenues, City of Nome.

Tourism, already a thriving industry, could become an even larger part of the economy. The Iditarod Sled Dog race receives increasing media coverage each year. The number of Soviet tourists, and Americans passing through Nome on their way to the Soviet Union, may increase in the coming years. The future will likely hold a continuing connection with the Soviet Union for Nome. What sort of connection is unknown. The most ambitious is talk of a physical connection, by building a tunnel under the Bering Sea similar to the one now being constructed under the English Channel. Whether or not a project of this magnitude is ever undertaken, Nome will continue to reap some benefits from its location.

The limitations of its location, though, will also remain. Nome still doesn't have a deep-water or sheltered harbor, and even with one water transportation would not be responsible for six months of each year. An often-proposed transportation project which would create a surface link year-round is construction of a Trans-Alaska highway between Nome and Fairbanks.

Government jobs should continue as the economic backbone of Nome's economy. The share of state and local jobs may shift, since the future might well mean a small state operating budget and fewer state jobs. Certain services will still be necessary, however, no matter who provides them.

1990 Census *Bulletin*

Where the Singles Are

Place	Total Adult Population	Total Adult Singles	% Adult Single	Total Single Men	Total Single Women	Single Men Per 100 Single Women
ALASKA	400,222	164,929	41%	92,555	72,374	128
Anchorage city	168,632	70,008	42	37,055	32,953	112
Barrow city	2,339	1,216	52	677	539	126
Bethel city	3,218	1,638	51	886	752	118
College CDP	8,519	4,145	49	2,312	1,833	126
Fairbanks city	22,751	9,699	43	5,627	4,072	138
Homer city	2,704	1,159	43	599	560	107
Juneau city	19,935	8,469	42	4,290	4,179	103
Kenai city	4,568	1,794	39	952	842	113
Ketchikan city	6,315	2,902	46	1,548	1,354	114
Kodiak city	4,837	2,150	44	1,340	810	165
Kotzebue city	1,785	926	52	489	437	112
Nikiski CDP	1,896	580	31	326	254	128
Nome city	2,502	1,363	54	811	552	147
Palmer city	1,999	949	47	441	508	87
Petersburg city	2,349	895	38	523	372	141
Seward city*	2,153	1,178	55	805	373	216
Sitka city	6,297	2,542	40	1,409	1,133	124
Soldotna city	2,492	1,020	41	480	540	89
Sterling CDP	2,710	830	31	512	318	161
Unalaska city**	2,767	1,652	60	1,280	372	344
Valdez city	3,081	1,332	43	797	535	149
Wasilla city	2,767	1,094	40	555	539	103

CDP=Census Designated Place

Only communities with a total population greater than 2,500 were used in this table.
Population figures used in this table reflect those persons aged 15 years and older.
Prepared by: Alaska Department of Labor, State Data Center, July 1991
Source: 1990 Census of Population and Housing.

* *Seward includes 418 people in correctional institutions.*

** *Unalaska includes 1,614 people in noninstitutional group quarters.*

Accident Rate for Oil Spill Cleanup not Unusual

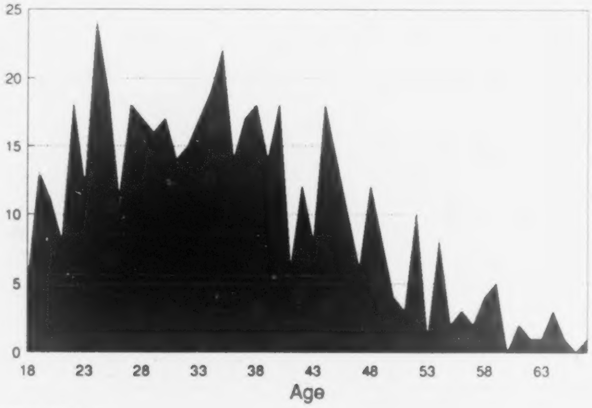
by James Wilson

The Exxon Valdez ran aground on Bligh Reef on March 24, 1989. Within 7 days, the discharged crude oil contaminated much of the western half of Prince William Sound. Within 20 days, the oil slick reached far out of the sound to the entrance of Cook Inlet, and eventually traveled over 400 miles reaching the Shelikof Strait, east of Kodiak Island. A cleanup effort of massive proportions took place during the following months. During 1989, spill related employment for the prime oil company contractors reached more than 11,000 workers, with over 21 million hours of work. This article presents some of the statistical data on worker injuries and illnesses reported from the oil spill cleanup.

Beginning in March, the Alaska Division of Workers' Compensation started receiving claims from work associated with the cleanup. To date, 518 time loss claims, and two fatality claims, have been received for cases occurring in 1989. The Alaska Workers' Compensation division also received 837 non-time loss claims for 1989 oil spill-related work. Of the total 1,797 cases on file for 1989, 440 are classified as being outside of the juris-

Figure • 1

1989 Valdez Oil Spill Claims by Age of Worker

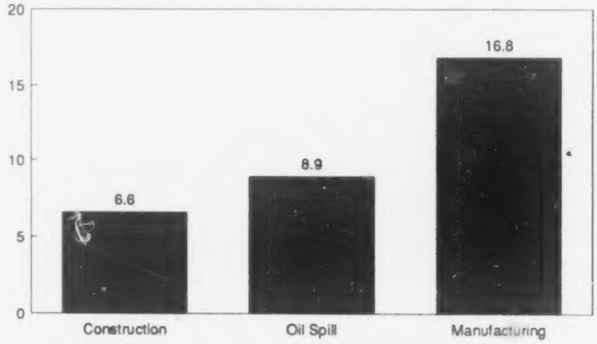


Data based on 502 cases

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Time Loss Case Rates Alaska 1989 Oil Spill Cleanup Project



Source: Alaska Department of Labor, Research and Analysis Section.

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Table • 1

Reported Injuries and Illnesses by Nature of Injury or Illness Alaska

SDS Code	Nature of Injury or Illness	1989 Oil Spill Time Loss Cases	1989 Oil Spill Time Loss Percent	1987 Time Loss Cases	1987 Time Loss Percent
	Total	518	100.0	9,661	100.0
10	Amputation or Enucleation	0	0.0	35	0.4
11	Asphyxia, Strangulation, Drowning, Suffocation	0	0.0	5	0.1
12	Burn (Heat)	4	0.8	191	2.0
13	Burn (Chemical)	1	0.2	66	0.7
14	Concussion	4	0.8	121	1.3
15	Infective or Parasitic Disease	15	2.9	11	0.1
16	Contusion, Crushing, Bruise	41	7.9	1,024	10.6
17	Cut, Laceration, Puncture	18	3.5	1,041	10.8
18	Dermatitis	5	1.0	42	0.4
19	Dislocation	13	2.5	196	2.0
20	Electric Shock, Electrocution	2	0.4	8	0.1
21	Fracture	18	3.5	792	8.2
22	Effect of Exposure to Low Temp	2	0.4	13	0.1
23	Hearing Loss, or Impairment	0	0.0	11	0.1
24	Effect of Evironmental Heat	0	0.0	1	0.0
25	Hernia, Rupture	6	1.2	132	1.4
26	Inflammation of Joint, Tendon, Muscle	10	1.9	187	1.9
27	Poisoning, Systemic	14	2.7	78	0.8
29	Radiation Effect	0	0.0	16	0.2
30	Scratch, Abrasion	10	1.9	322	3.3
31	Sprain, Strain	187	36.1	4,859	50.3
32	Hemorrhoid	0	0.0	2	0.0
33	Hepatitis (Serum and Infective)	1	0.2	5	0.1
40	Multiple Injury	7	1.4	118	1.2
50	Effect of Change in Atmospheric Pressure	0	0.0	1	0.0
51	Cerebrovascular System	3	0.6	10	0.1
52	Complication Peculiar to Medical Care	1	0.2	1	0.0
53	Eye, Other Disease of the Eye	3	0.6	12	0.1
54	Mental Disorder	1	0.2	30	0.3
55	Neoplasm, Tumor	0	0.0	3	0.0
56	Nervous System, Condition of	7	1.4	93	1.0
57	Respiratory System, Condition of	63	12.2	25	0.3
58	Symptom and Ill-Defined Condition	32	6.2	19	0.2
90	No Injury or Illness	4	0.8	1	0.0
95	Damage to Prosthetic Device	1	0.2	2	0.0
99	Other Injury/Disease & Nonclassifiable	34	6.6	188	1.9
	Not Coded	11	2.1	0	0.0

Source: Alaska Department of Labor, Research and Analysis Section.

diction of the Workers' Compensation program. Most of these cases are duplicates of the cases filed under the Longshore and Harborworkers Act.

As mentioned above, there were two fatalities on the oil spill cleanup project in 1989. One was a 46 year old electrician who suffered a heart attack. The other case was a 48 year old kitchen helper who was crushed in a dumbwaiter shaft. Both cases were aboard vessels. Neither of these workers died while removing oil from the environment.

Of the 1,797 Workers' Compensation filed cases, 93% were from persons who listed Alaska as their state of residence. People from 93 Alaskan cities and communities were represented in the Workers' Compensation cases. Of the 1,679 Alaskan cases, 31% came from workers who resided in the coastal cites nearest the spill. 34% of the cases filed were from Anchorage area residents and 13% from the Fairbanks area. Only 19 cases were from residents of the southeast region.

Women accounted for 26% of the time loss cases associated with the spill cleanup project. By way of contrast, 23% of all private sector time loss cases filed for 1989 were from women workers. The sex of the worker was coded for only 510 of the total 1,797 cases filed with Workers' Compensation (only time loss cases are coded for sex).

Of the 1,797 cases filed with Workers' Compensation, 70% were from employees of the two prime spill cleanup contractors. Another 13% came from the largest company which provided support services for the cleanup.

A rough time loss case rate for the oil spill cleanup was calculated to be 8.9 cases per 100 workers. This figure was developed using counts of total time loss cases filed (Ak. Workers' Comp. and L&HA) and hours worked by all contractors for the project. The time loss case rate of 8.9 places the spill cleanup project rate in between the 1989 rates for construction (6.6) and manufacturing (16.8). This should not be seen as unusual or unexpected, considering the scale and nature of the project, the working conditions, time constraints, and the logistical difficulties involved.

Readers should note that this time loss case rate for the cleanup project is not an official comparison to the published OSHA recordable time loss case rates because of differing methodologies. It does provide a rough means of comparison, however. It should also be stressed that the 8.9 rate includes all the lower risk service and support activities of the cleanup project.

Table • 2

Reported Injuries and Illnesses by Part of Body Affected Alaska

SDS Code	Part of Body Affected	1989 Oil Spill Time Loss Cases	1989 Oil Spill Time Loss Percent	1987 Time Loss Cases	1987 Time Loss Percent
	Total	518	100.0	9,661	100.0
	Head	36	6.9	757	7.8
10	Head, Unspecified	3	0.6	36	0.4
11	Brain	3	0.6	122	1.3
12	Ear	4	0.8	21	0.2
13	Eye	15	2.9	381	3.9
14	Face	11	2.1	138	1.4
15	Scalp	0	0.0	38	0.4
16	Skull	0	0.0	6	0.1
19	Head, Multiple	0	0.0	15	0.2
20	Neck	5	1.0	288	3.0
	Upper Extremity	62	12.0	2,141	22.2
30	Upper Extremity, Unspecified	0	0.0	31	0.3
31	Arm	12	2.3	389	4.0
32	Wrist	11	2.1	354	3.7
33	Hand	15	2.9	409	4.2
34	Finger	18	3.5	876	9.1
39	Upper Extremity, Multiple	6	1.2	82	0.8
	Trunk	124	23.9	3,637	37.6
40	Trunk, Unspecified	1	0.2	6	0.1
41	Abdomen	21	4.1	223	2.3
42	Back	75	14.5	2,707	28.0
43	Chest	10	1.9	237	2.5
44	Hip	4	0.8	89	0.9
45	Shoulder	13	2.5	363	3.8
49	Trunk, Multiple	0	0.0	12	0.1
	Lower Extremity	130	25.1	2,041	21.1
50	Lower Extremity, Unspecified	1	0.2	25	0.3
51	Leg	67	12.9	923	9.6
52	Ankle	41	7.9	525	5.4
53	Foot	17	3.3	369	3.8
54	Tow	3	0.6	145	1.5
59	Lower Extremity, Multiple	1	0.2	54	0.6
70	Multiple Parts	31	6.0	547	5.7
	Body System	113	21.8	225	2.3
80	Body System, Unspecified	27	5.2	89	0.9
81	Digestive System	7	1.4	14	0.1
82	Excretory System	7	1.4		
83	Musculo-Skeletal System	0	0.0	1	0.0
84	Nervous System	4	0.8	35	0.4
85	Respiratory System	65	12.5	55	0.6
86	Circulatory System	1	0.2	28	0.3
88	Other Body System	2	0.4	3	0.0
99	Nonclassifiable	6	1.2	25	0.3
	Not Coded	11	2.1	0	0.0

Source: Alaska Department of Labor, Research and Analysis Section.

Table • 3

Reported Injuries and Illnesses by Source of Injury or Illness Alaska

SDS Code	Source of Injury or Illness	1989 Oil Spill Time Loss Cases	1989 Oil Spill Time Loss Percent	1987 Time Loss Cases	1987 Time Loss Percent
	Total	518	100.0	9,661	100.0
01	Air Pressure	0	0.0	2	0.0
02	Animal, Insect, Etc	2	0.4	26	0.3
03	Animal Product	0	0.0	8	0.1
04	Bodily Motion	52	10.0	822	8.5
05	Boiler, Pressure Vessel	14	2.7	67	0.7
06	Box, Barrel, Container	61	11.8	1,270	13.1
07	Building or Structure	4	0.8	228	2.4
08	Ceramic Item	0	0.0	9	0.1
09	Chemical, Chemical Compound	12	2.3	145	1.5
10	Clothing	2	0.4	18	0.2
11	Coal and Petroleum Product	11	2.1	20	0.2
12	Cold (Atmospheric, Environmental)	46	8.9	14	0.1
13	Conveyor	0	0.0	34	0.4
14	Drug & Medicine	0	0.0	2	0.0
15	Electric Apparatus	2	0.4	62	0.6
17	Flame, Fire, Smoke	1	0.2	46	0.5
18	Food Product	2	0.4	217	2.2
19	Furniture, Fixture, Etc	7	1.4	323	3.3
20	Glass Item, Nec	0	0.0	51	0.5
22	Hand Tool, Not Powered	8	1.5	535	5.5
23	Hand Tool, Powered	4	0.8	193	2.0
24	Heat, (Atmospheric, Environmental)	0	0.0	1	0.0
25	Heating Equipment, Nec	1	0.2	36	0.4
26	Hoisting Apparatus	8	1.5	105	1.1
27	Infectious, Parasitic Agent, Nec	25	4.8	30	0.3
28	Ladder	3	0.6	32	0.3
29	Liquid	3	0.6	60	0.6
30	Machine	6	1.2	417	4.3
40	Mechanical Power Trans Apparatus	0	0.0	2	0.0
41	Metal Item	21	4.1	849	8.8
42	Mineral Item, Metallic, Nec	0	0.0	1	0.0
43	Mineral Item, Nonmetallic, Nec	6	1.2	53	0.5
44	Noise	0	0.0	7	0.1
45	Paper and Pulp	0	0.0	20	0.2
46	Particle (Unidentified)	0	0.0	78	0.8
47	Plant, Tree, Vegetation	0	0.0	84	0.9
48	Plastic Item, Nec	0	0.0	12	0.1
49	Pump and Prime Mover	3	0.6	41	0.4
50	Radiating Substance and Equipment	0	0.0	18	0.2
52	Silica	0	0.0	1	0.0
53	Scrap, Debris, Waste Material, Nec	4	0.8	26	0.3
54	Steam	2	0.4	17	0.2
55	Textile Item, Nec	0	0.0	16	0.2
56	Vehicle	20	3.9	765	7.9
57	Wood Item	13	2.5	353	3.7
58	Working Surface	75	14.5	1,667	17.3
60	Person	15	2.9	433	4.5
61	Recreation and Athletic Equipment	0	0.0	35	0.4
62	Rubber Product	0	0.0	53	0.5
65	Ice, Snow	0	0.0	4	0.0
88	Miscellaneous, Nec	6	1.2	105	1.1
98	Nonclassifiable	68	13.1	248	2.6
	Not Coded	11	2.1	0	0.0

Source: Alaska Department of Labor, Research and Analysis Section.

Tables 1 through 4 contain injury and illness characteristic data for oil spill related time loss cases filed with the Alaska Division of Workers' Compensation. Each of these tables also contains the coded data for all time loss cases in 1987, the last full year of coded data now available (coding of 1989 time loss cases is in progress). This was done to provide a comparative percent distribution for the time loss injury characteristic data. For example, Table 1 shows that 50% of 1987 time loss cases were due to sprains and strains. Sprains and strains accounted for 36% of the spill related time loss cases.

The prevalence of work related illnesses on the oil spill cleanup is notable in the Alaska Workers' Compensation case data. Table 2 shows 12.5% of the oil spill time loss cases involved the respiratory system. Working in a cold environment was a major source of injury/illness listed in Table 3 (8.9% versus normally 0.1%). In fact, the major source of all respiratory cases was due to cold weather. Petroleum was the source of injury/illness for only 3% of all cases.

Table • 4

Reported Injuries and Illnesses by Type of Accident or Exposure
Alaska

SDS Code	Type of Accident or Exposure	1989 Oil Spill Time Loss		1987 Time Loss	
		Cases	Percent	Cases	Percent
	Total	518	100.0	9,661	100.0
01	Struck Against	32	6.2	668	6.9
02	Struck By	34	6.6	1,470	15.2
03	Fall From Elevation	28	5.4	699	7.2
05	Fall on Same Level	63	12.2	1,160	12.0
06	Caught In, Under, Between	16	3.1	453	4.7
08	Rubbed or Abraded	9	1.7	382	4.0
10	Bodily Reaction	52	10.0	822	8.5
12	Overexertion	91	17.6	3,148	32.6
13	Contact with Electric Current	1	0.2	10	0.1
15	Contact with Temp Extreme	61	11.8	214	2.2
18	Contact with Radiation, Caustic, Etc	24	4.6	255	2.6
20	Transportation Accident, Not Motor Vehicle	0	0.0	31	0.3
30	Highway Motor Vehicle, Unspecified	1	0.2	12	0.1
31	Highway Motor Vehicle, Moving	2	0.4	51	0.5
32	Highway Motor Vehicle, Standing	0	0.0	31	0.3
33	Highway Motor Vehicle, Noncollision	0	0.0	58	0.6
40	Exposure to Noise	0	0.0	11	0.1
50	Explosion	0	0.0	6	0.1
60	Nonhighway Motor Vehicle, Unspecified	0	0.0	38	0.4
61	Nonhighway Motor Vehicle, Moving	2	0.4	1	0.0
62	Nonhighway Moter Vehicle, Standing	0	0.0	1	0.0
63	Nonhighway Motor Vehicle, Noncollision	0	0.0	68	0.7
89	Accident Type, Nec	9	1.7	68	0.7
99	Nonclassifiable	82	15.8	76	0.8
	Not Coded	11	2.1	0	0.0

Source: Alaska Department of Labor, Research and Analysis Section.

Job Growth Slows To A Snail's Pace In June

by Holly Stinson

June marks the beginning of summer in Alaska: the salmon season gets underway, the tourists are out in force, and construction projects are in full swing. This June, however, the salmon went largely uncaught, the tourist trade varied depending on region, and construction projects employed fewer workers than in 1990. Still, the economy managed to eke out a growth rate of 0.3%, with 800 more jobs than June 1990. (See Table 1.) Over-the-month increases were also smaller than in the past two years. This June's seasonal increase was less than 10,000 while 12,000 or more jobs were added from May to June in the past two years.

All regions posted over-the-month gains, but over-the-year comparisons varied. Anchorage had the strongest growth. Fewer construction jobs slowed Fairbanks' economy; total employment is just above last year. The Southwest and Northern regions are also on the plus side, while the Southeast and Gulf Coast regions have fewer jobs this June than June 1990.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 6/91	r/ 5/91	6/90	Changes from: 5/91	6/90
Total Nonag. Wage & Salary	253,100	243,200	252,300	9,900	800
Goods-producing	45,100	40,300	45,600	4,800	-500
Mining	12,400	11,900	11,900	500	500
Construction	12,300	10,400	12,700	1,900	-400
Manufacturing	20,400	18,000	21,000	2,400	-600
Durable Goods	3,700	3,600	4,700	100	-1,000
Lumber & Wood Products	2,700	2,700	3,700	0	-1,000
Nondurable Goods	16,700	14,400	16,300	2,300	400
Seafood Processing	12,700	10,600	12,400	2,100	300
Pulp Mills	900	900	900	0	0
Service-producing	208,000	202,900	206,700	5,100	1,300
Transportation	22,900	21,300	22,400	1,600	500
Trucking & Warehousing	2,800	2,600	2,800	200	0
Water Transportation	1,700	1,500	1,700	200	0
Air Transportation	7,200	6,600	7,100	600	100
Communications	3,600	3,600	3,400	0	200
Trade	48,900	47,000	48,600	1,900	300
Wholesale Trade	8,700	8,600	8,500	100	200
Retail Trade	40,200	38,400	40,100	1,800	100
Gen. Merch. & Apparel	6,200	5,800	6,100	400	100
Food Stores	6,900	6,700	6,800	200	100
Eating & Drinking Places	14,200	13,500	14,400	700	-200
Finance-Ins. & Real Estate	10,700	10,400	10,500	300	200
Services & Misc.	55,400	52,700	54,300	2,700	1,100
Hotels & Lodging Places	6,800	5,500	6,900	1,300	-100
Government	70,100	71,500	70,900	-1,400	-800
Federal	18,700	18,400	19,500	300	-800
State	21,100	20,900	21,500	200	-400
Local	30,300	32,200	29,900	-1,900	400

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates
Source: Alaska Department of Labor, Research & Analysis Section.

Unemployment climbs

On the other side of the equation, the unemployment rate increased slightly from 7.6% to 7.8%. (See Table 4.) This compares to a 6.6% rate in June 1990 and is the widest gap yet between last year's and 1991's rates. (See Figure 1.) It is also the first time since 1986 that the rate increased from May to June. It is not, however, all that unusual. There was a May to June increase in 6 of the last 12 years. No matter how good or bad the employment situation is, the fact remains that June is the month when students and graduates flood the labor market. If they don't already have a job but are looking for work, they are included as unemployed.

In addition to June's new entrants to the labor force, bleak employment prospects elsewhere are pushing people to head north looking for work. June is traditionally a time when workers come to Alaska seeking jobs, but there are more of them this year because of the recession elsewhere. Many are from the western states, closest to Alaska. This year California may be contributing a higher than usual number of migrants to Alaska because of their poor employment possibilities. California's unemployment rate has been 2 or more percentage points above last year's for each month of 1991, and June's rate was 3% above year ago. In Alaska, an increase in the unemployment rate means hundreds more people are unemployed; in California it means hundreds of thousands.

Other statistics point to an increase in new residents. The number of people in Alaska claiming unemployment insurance benefits on wages earned in another state was almost 1,000 higher this June than last. For the year ending June 1991, the Alaska Dept. of Labor's Employment Service had an increase in applicants of 8% over the previous year.

Alaska's unemployment rates are climbing, but differences exist between regions. The Haines Borough had the dubious distinction of having the highest unemployment rate in June, jumping from May's 14.5% to 20.4%. A shutdown of the local lumber mill is the main reason. Almost every other region had a higher unemployment rate this June than in June 1990.

Where are the tourists?

Southeast is one area of the state wondering where the tourists are this year. Cruise ship and tour traffic appears at or above last year's level, but many are reporting fewer-than-usual independent travelers. Some reports from Fairbanks, the Kenai Peninsula, and Anchorage also point to a downturn in independent travelers.

A poor run of king salmon on the Kenai Peninsula, necessitating a catch-and-release sport fishery, is one reason for the lower number of visitors there. Other reasons may explain why there seem to be fewer independent travelers in other parts of the state. With much of the U.S. in a recession, the nationwide trend this year is toward trips close to home. This may have cut into the number of people planning to visit Alaska. Another reason could be that trip planning, which often takes place several months ahead of time, fell this year during the Persian Gulf crisis, a time of uncertainty for many.

Even with these reports, employment statewide in the three sectors affected by tourism—services, trade and transportation—are all showing over-the-year increases. (See Figure 2.) Other tourism indicators won't be available for many months, so the 1991 season is still in question.

Question marks in the salmon and timber industries

The other big question mark every summer is the health of Alaska's salmon industry. This June's over-the-year increases in seafood processing employment cannot be attributed to salmon operations. Processors

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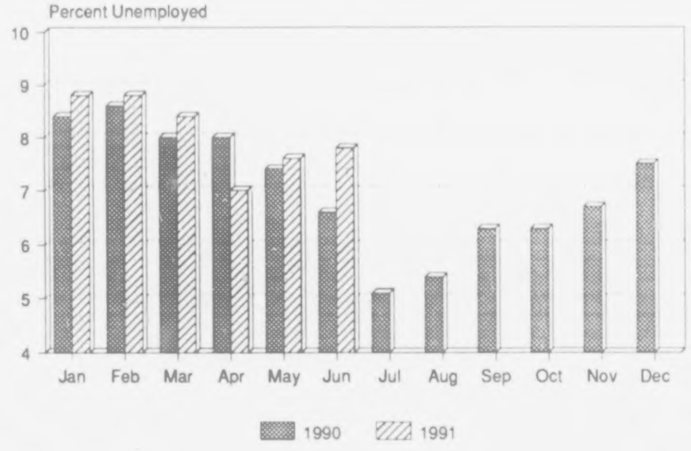
Figure • 1

Alaska's Unemployment Rate for June 1991 Above June 1990



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	117,700	113,950	114,950	3,750	2,750
Goods-producing	14,100	12,300	13,400	1,800	700
Mining	4,100	4,200	3,700	-100	400
Construction	7,100	5,650	6,950	1,450	150
Manufacturing	2,900	2,450	2,750	450	150
Service-producing	103,600	101,650	101,550	1,950	2,050
Transportation	12,150	11,600	11,850	550	300
Trucking & Warehousing	1,750	1,650	1,700	100	50
Water Transportation	350	400	350	-50	0
Air Transportation	4,300	4,050	4,400	250	-100
Communications	2,100	2,100	1,900	0	200
Trade	27,050	26,400	26,600	650	450
Wholesale Trade	6,150	6,050	6,050	100	100
Retail Trade	20,900	20,350	20,550	550	350
Gen. Merch. & Apparel	3,250	3,000	3,200	250	50
Food Stores	3,250	3,250	3,200	0	50
Eating & Drinking Places	7,900	7,650	7,800	250	100
Finance-Ins. & Real Estate	6,650	6,550	6,550	100	100
Services & Misc.	31,000	30,150	29,950	850	1,050
Hotels & Lodging Places	2,800	2,350	2,700	450	100
Government	26,750	26,950	26,600	-200	150
Federal	10,450	10,350	10,700	100	-250
State	7,600	7,700	7,350	-100	250
Local	8,700	8,900	8,550	-200	150

Fairbanks North Star Borough

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	28,750	27,600	28,650	1,150	100
Goods-producing	2,600	2,200	2,850	400	-250
Mining	200	200	200	0	0
Construction	1,700	1,400	1,950	300	-250
Manufacturing	700	600	700	100	0
Service-producing	26,150	25,400	25,800	750	350
Transportation	2,150	2,000	2,050	150	100
Trucking & Warehousing	450	400	450	50	0
Air Transportation	500	500	450	0	50
Communications	300	300	300	0	0
Trade	6,550	6,300	6,450	250	100
Wholesale Trade	800	750	800	50	0
Retail Trade	5,750	5,550	5,650	200	100
Gen. Merch. & Apparel	600	550	600	50	0
Food Stores	850	800	850	50	0
Eating & Drinking Places	2,450	2,350	2,450	100	0
Finance-Ins. & Real Estate	850	800	850	50	0
Services & Misc.	6,600	6,250	6,500	350	100
Government	10,000	10,050	9,950	-50	50
Federal	3,250	3,200	3,250	50	0
State	4,150	4,000	4,200	150	-50
Local	2,600	2,850	2,500	-250	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	125,400	121,400	122,750	4,000	2,650
Goods-producing	14,700	12,850	13,800	1,850	900
Mining	4,250	4,350	3,700	-100	550
Construction	7,450	5,950	7,200	1,500	250
Manufacturing	3,000	2,550	2,900	450	100
Service-producing	110,700	108,550	108,950	2,150	1,750
Transportation	12,800	12,250	12,500	550	300
Trade	28,900	28,250	28,600	650	300
Finance-Ins. & Real Estate	7,100	7,000	7,000	100	100
Services & Misc.	32,650	31,550	31,550	1,100	1,100
Government	29,250	29,500	29,300	-250	-50
Federal	10,550	10,400	10,850	150	-300
State	8,450	8,450	8,250	0	200
Local	10,250	10,650	10,200	-400	50

Interior Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	33,400	32,100	33,400	1,300	0
Goods-producing	2,950	2,550	3,150	400	-200
Mining	400	400	400	0	0
Construction	1,850	1,500	2,050	350	-200
Manufacturing	700	650	700	50	0
Service-producing	30,450	29,550	30,250	900	200
Transportation	2,450	2,200	2,400	250	50
Trade	7,050	6,800	6,900	250	150
Finance-Ins. & Real Estate	950	900	950	50	0
Services	7,600	7,000	7,400	600	200
Government	12,400	12,650	12,600	-250	-200
Federal	3,950	3,850	4,000	100	-50
State	4,550	4,400	4,700	150	-150
Local	3,900	4,400	3,900	-500	0

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	35,050	34,250	36,650	800	-1,600
Goods-producing	6,550	6,450	7,550	100	-1,000
Mining	350	350	350	0	0
Construction	1,350	1,250	1,350	100	0
Manufacturing	4,850	4,850	5,850	0	-1,000
Durable Goods	2,250	2,350	3,200	-100	-950
Lumber & Wood Products	2,200	2,250	3,150	-50	-950
Nondurable Goods	2,600	2,500	2,650	100	-50
Seafood Processing	1,500	1,400	1,550	100	-50
Pulp Mills	900	900	900	0	0
Service-producing	28,500	27,800	29,100	700	-600
Transportation	2,950	2,750	3,200	200	-250
Trade	5,850	5,550	5,900	300	-50
Wholesale Trade	600	600	650	0	-50
Retail Trade	5,250	4,950	5,250	300	0
Finance-Ins. & Real Estate	1,150	1,150	1,100	0	50
Services & Misc.	6,250	5,800	6,500	450	-250
Government	12,300	12,550	12,400	-250	-100
Federal	2,250	2,100	2,300	150	-50
State	5,600	5,650	5,700	-50	-100
Local	4,450	4,800	4,400	-350	50

Gulf Coast Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	27,350	24,950	27,650	2,400	-300
Goods-producing	8,650	7,100	8,800	1,550	-150
Mining	1,200	1,150	1,250	50	-50
Construction	1,150	1,000	1,300	150	-150
Manufacturing	6,300	4,950	6,250	1,350	50
Seafood Processing	5,200	3,950	5,200	1,250	0
Service-producing	18,700	17,850	18,850	850	-150
Transportation	2,200	2,050	2,150	150	50
Trade	4,750	4,350	4,750	400	0
Wholesale Trade	650	600	600	50	50
Retail Trade	4,100	3,750	4,150	350	-50
Finance-Ins. & Real Estate	650	600	600	50	50
Services & Misc.	5,000	4,750	5,000	250	0
Government	6,100	6,100	6,350	0	-250
Federal	600	500	700	100	-100
State	1,900	1,850	1,950	50	-50
Local	3,600	3,750	3,700	-150	-100

Northern Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	15,500	14,700	15,350	800	150
Goods-producing	6,600	5,900	6,650	700	-50
Mining	6,150	5,500	6,100	650	50
Service-producing	8,900	8,800	8,700	100	200
Government	4,400	4,550	4,300	-150	100
Federal	300	250	350	50	-50
State	400	400	350	0	50
Local	3,700	3,900	3,600	-200	100

Southwest Region

	p/	r/		Changes from:	
	6/91	5/91	6/90	5/91	6/90
Total Nonag. Wage & Salary	16,700	16,250	16,550	450	150
Goods-producing	5,850	5,400	5,550	450	300
Seafood Processing	5,450	5,050	5,100	400	350
Service-producing	10,850	10,850	11,000	0	-150
Government	5,800	6,250	6,050	-450	-250
Federal	1,300	1,200	1,350	100	-50
State	550	550	550	0	0
Local	3,950	4,500	4,150	-550	-200

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: *Alaska Department of Labor, Research & Analysis Section.*

in Southeast and Gulf Coast employed the same or fewer than last year. (See Table 2.) Facing a glut of canned pink salmon and corporate financial problems, a large Cordova processing plant remained closed this June. New processing facilities in the Southwest region accounted for all of the growth in this industry.

Fishing strikes in Bristol Bay and Cook Inlet, boycotts in Prince William Sound and Southeast, and closures because of low escapement counts all point to a harvest that will not set any records. If there is any impact on processing employment, it would begin showing up in July's data.

Even though seafood processing jobs were slightly above last June's, it was not enough to offset the decline in timber industry employment. This is why manufacturing was one of three sectors in June showing employment declines compared to June 1990. Weak prices and low demand are cited as reasons why there were 1,000 fewer timber industry jobs this year. Almost all of the missing jobs were in logging. Pending lawsuits add a note of uncertainty to future timber supply in Southeast. On the bright side, the industry decline in Southeast is not mirrored in Southcentral Alaska's fledgling wood products sector. The new sawmill in Seward recently reported its first profit.

Government employment declines

The third sector showing over-the-year employment declines in June was government. Federal jobs show a decrease of 800 from June 1990. More than half of these missing jobs, though, were short-lived, temporary ones with the Census Bureau. Missing census workers account for some of the decline in every region of the state.

There are also fewer state jobs this June. One reason is that this year's fires were less severe, so fewer firefighters were on the payroll. Another is a planned shrinkage of state government.

Summary: Job growth slows while unemployment climbs

Over-the-year employment growth slowed to just 0.3% in June. Although all regions posted seasonal job increases from May, Anchorage showed the strongest growth this June compared to June 1990. Fairbanks, Southwest and Northern regions eked out growth while Gulf Coast and Southeast had fewer jobs this June than last.

Unemployment rates in 1991 have been higher than the comparable months last year. June's rate of 7.6% is the largest gap yet this year. June is traditionally a time when job seekers head north. This June there are a higher than usual number because of the recession

Figure • 2

Fewer Jobs In Some Industries This June

Source: Alaska Department of Labor, Research and Analysis Section.

June 1991 compared to June 1990

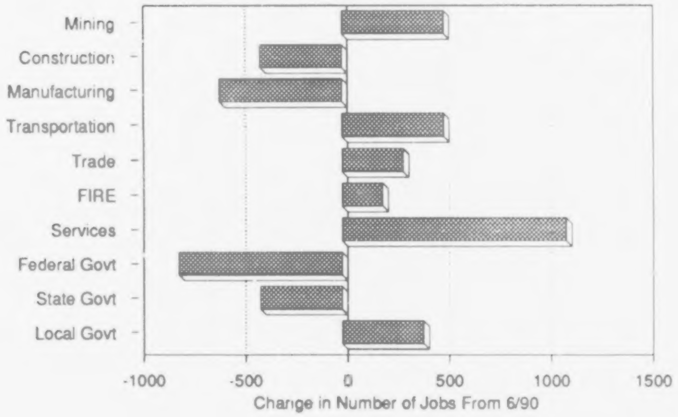


Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 6/91	r/ 5/91	6/90	p/ 6/91	r/ 5/91	6/90	p/ 6/91	r/ 5/91	6/90
Mining	$1,177.85	$1,129.59	$1,150.03	51.3	48.9	49.0	$22.96	$23.10	$23.47
Construction	1,122.04	1,067.11	1,191.70	46.5	44.5	48.8	24.13	23.98	24.42
Manufacturing	558.44	548.05	572.76	48.1	43.6	44.4	11.61	12.57	12.90
Seafood Processing	459.14	429.87	449.45	50.4	44.5	44.5	9.11	9.66	10.10
Trans., Comm. & Utilities	680.68	597.89	608.60	37.9	34.5	35.8	17.96	17.33	17.00
Trade	385.88	366.24	365.72	34.3	32.7	33.8	11.25	11.20	10.82
Wholesale	627.10	579.74	583.12	40.8	39.6	39.4	15.37	14.64	14.80
Retail	334.59	319.49	320.46	32.9	31.2	32.6	10.17	10.24	9.83
Finance-Ins. & R.E	422.31	389.42	401.37	36.5	33.6	33.7	11.57	11.59	11.91

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

in much of the Lower 48. Students and graduates also swell the unemployment ranks in June.

The summer's tourism and salmon industries have many question marks attached to them this year. The number of independent travelers appeared to be lagging; those travelling in organized groups or on cruise ships were reported to be as high as ever.

June saw the beginning of fishing strikes and boycotts called because of low prices. Processing employment was above year-ago only because of new facilities in Southwest that handle other species.

The single largest drag on June to June employment growth was the absence of almost 1,000 jobs in the timber industry in Southeast. Other over-the-year declines were in federal and state government employment.

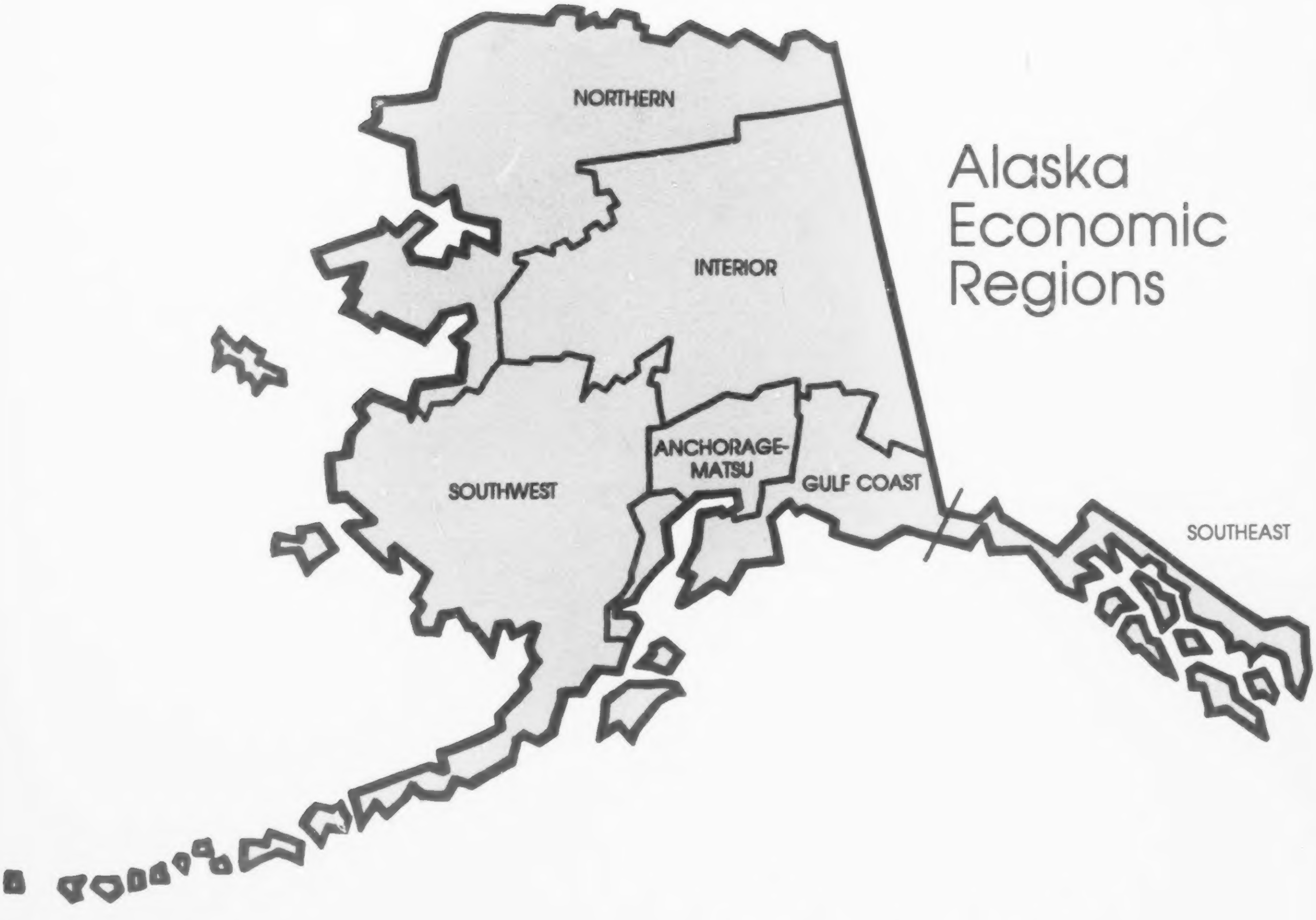
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 6/91	r/ 5/91	6/90	p/ 6/91	r/ 5/91	6/90	p/ 6/91	r/ 5/91	6/90	p/ 6/91	r/ 5/91	6/90
Alaska Statewide	264,552	259,635	264,942	20,637	19,825	17,591	7.8	7.6	6.6	243,915	239,810	247,351
Anch.-MatSu Region	136,181	134,048	133,902	9,522	9,003	7,926	7.0	6.7	5.9	126,659	125,045	125,976
Municipality of Anchorage	120,078	118,276	117,935	7,452	6,991	5,950	6.2	5.9	5.0	112,626	111,285	111,985
MatSu Borough	16,103	15,772	15,967	2,070	2,012	1,976	12.9	12.8	12.4	14,033	13,760	13,991
Gulf Coast Region	32,982	31,194	33,841	3,086	3,167	2,833	9.4	10.2	8.4	29,896	28,027	31,008
Kenai Peninsula Borough	20,407	19,170	20,918	2,089	1,997	1,919	10.2	10.4	9.2	18,318	17,173	18,999
Kodiak Island Borough	7,605	7,320	7,635	625	777	396	8.2	10.6	5.2	6,980	6,543	7,239
Valdez-Cordova	4,970	4,704	5,288	372	393	518	7.5	8.4	9.8	4,598	4,311	4,770
Interior Region	37,052	36,293	37,014	3,792	3,651	3,196	10.2	10.1	8.6	33,260	32,642	33,818
Fairbanks North Star Bor.	31,997	31,332	31,978	3,158	3,029	2,655	9.9	9.7	8.3	28,839	28,303	29,323
Southeast Fairbanks	2,074	2,050	2,067	231	241	193	11.1	11.8	9.3	1,843	1,809	1,874
Yukon-Koyukuk	2,981	2,911	2,969	403	381	348	13.5	13.1	11.7	2,578	2,530	2,621
Northern Region	8,545	8,424	8,663	905	822	821	10.6	9.8	9.5	7,640	7,602	7,842
Nome	3,202	3,143	3,171	408	362	302	12.7	11.5	9.5	2,794	2,781	2,869
North Slope Borough	3,038	2,996	3,096	148	121	130	4.9	4.0	4.2	2,890	2,875	2,966
Northwest Arctic Borough	2,305	2,285	2,396	349	339	389	15.1	14.8	16.2	1,956	1,946	2,007
Southeast Region	36,276	36,060	37,860	2,539	2,407	2,077	7.0	6.7	5.5	33,737	33,653	35,783
Haines Borough	1,007	936	903	205	136	52	20.4	14.5	5.8	802	800	851
Juneau Borough	16,018	15,922	16,926	761	703	744	4.8	4.4	4.4	15,257	15,219	16,182
Ketchikan Gateway Bor.	6,849	6,812	7,073	597	576	442	8.7	8.5	6.2	6,252	6,236	6,631
Pr. of Wales-Outer Ketch.	2,779	2,813	2,885	291	331	246	10.5	11.8	8.5	2,488	2,482	2,639
Sitka Borough	4,193	4,131	4,423	219	167	208	5.2	4.0	4.7	3,974	3,964	4,215
Skagway-Yakutat-Angoon	1,712	1,754	1,820	159	204	172	9.3	11.6	9.5	1,553	1,550	1,648
Wrangell-Petersburg	3,718	3,692	3,830	307	290	213	8.3	7.9	5.6	3,411	3,402	3,617
Southwest Region	13,516	13,616	13,662	793	775	738	5.9	5.7	5.4	12,723	12,841	12,924
Aleutians East Borough	940	947	954	9	7	8	1.0	0.7	0.8	931	940	946
Aleutians West	2,642	2,662	2,688	33	28	37	1.2	1.1	1.4	2,609	2,634	2,651
Bethel	5,241	5,262	5,277	418	395	378	8.0	7.5	7.2	4,823	4,867	4,899
Bristol Bay Borough	509	502	514	17	5	14	3.3	1.0	2.7	492	497	500
Dillingham	2,416	2,440	2,446	112	115	106	4.6	4.7	4.3	2,304	2,325	2,340
Wade Hampton	1,768	1,803	1,783	204	225	195	11.5	12.5	10.9	1,564	1,578	1,588

Notes: p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.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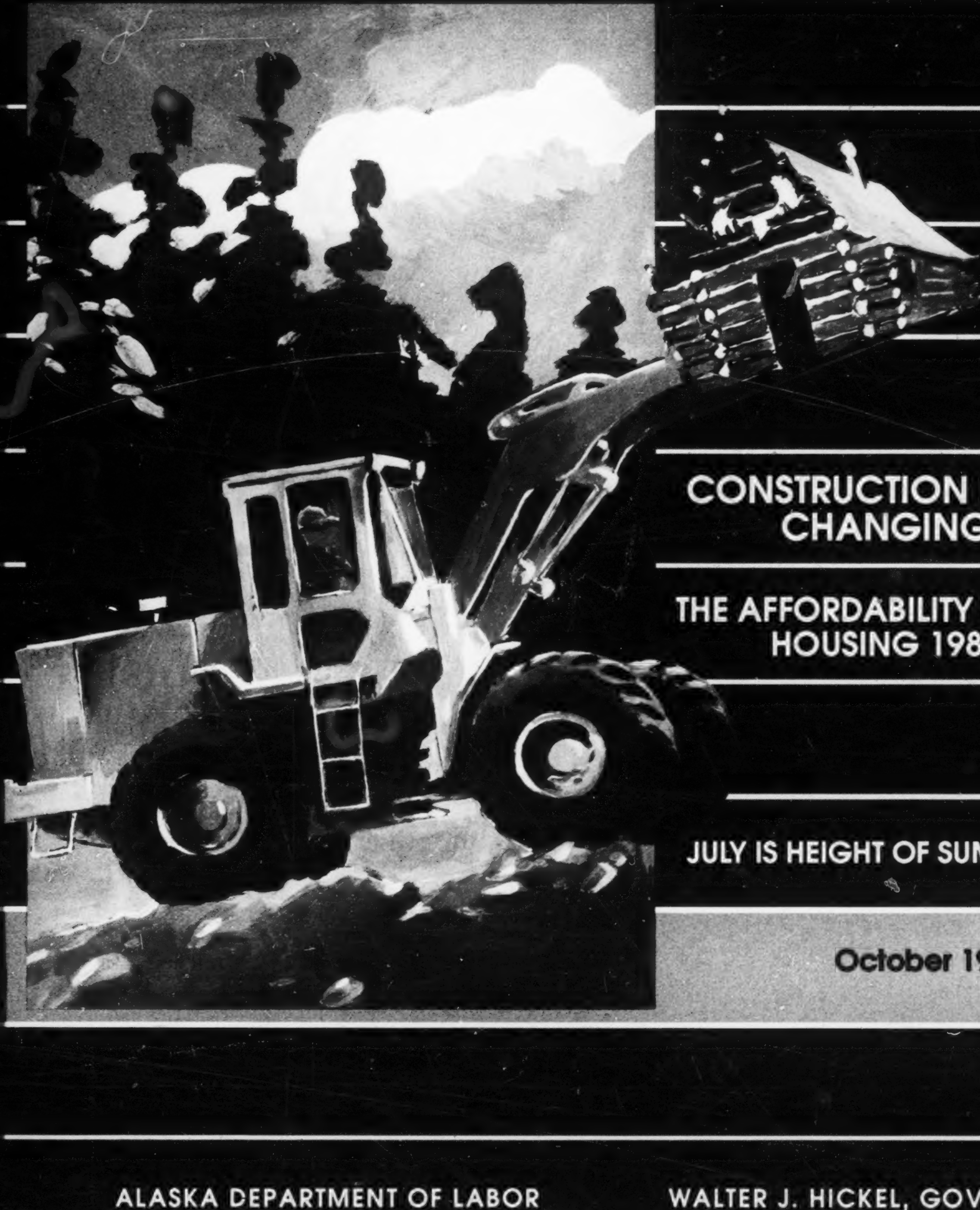

CONSTRUCTION INDUSTRY'S CHANGING ROLE

THE AFFORDABILITY OF ALASKA'S HOUSING 1987-1991

JULY IS HEIGHT OF SUMMER ACTIVITY

October 1991

ALASKA DEPARTMENT OF LABOR

WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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October 1991
Volume 11
Number 10

Alaska State Employment Service

JOB SERVICE

UNEMPLOYMENT INSURANCE

maintaining the foundation of economic security

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Editor's note:

We are compiling the results of the recent *Alaska Economic Trends* readership survey. Thanks to those who have returned them .. if you haven't mailed yours in, please do so by September 13. We plan to present the findings of this survey in an upcoming issue of *Trends*.

Cover design by Jim Fowler

The Changing Role of Alaska's Construction Industry

By Neal Fried

Neal Fried is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

Compared to the last several years, the 1991 season appears to be a busy one for Alaska's construction workers. Detours and traffic congestion plague many communities this summer because of road construction. More new homes are dotting the landscape. Construction of a few office buildings and retail shopping centers is taking place — a rare sight in Alaska during the past five years. Is Alaska's construction industry on the verge of recapturing the prominent place it held many times over the past thirty years?

Construction as the principal economic barometer

Historically, the construction industry was often used as the state's chief economic barometer because it played such an influential role. In the 1960s the construction industry employed 8-9% of Alaska's wage and salary work force. Today it employs 4.4% (See Figure 1.) In 1970, a year considered average for construction, the industry employed 7.5% of the state's wage and salary work force. The same year Anchorage issued 3,000 residential housing permits (and Anchorage's population was less than half its present size). That is more than double and possibly triple the number that will be issued for the entire state in 1991.

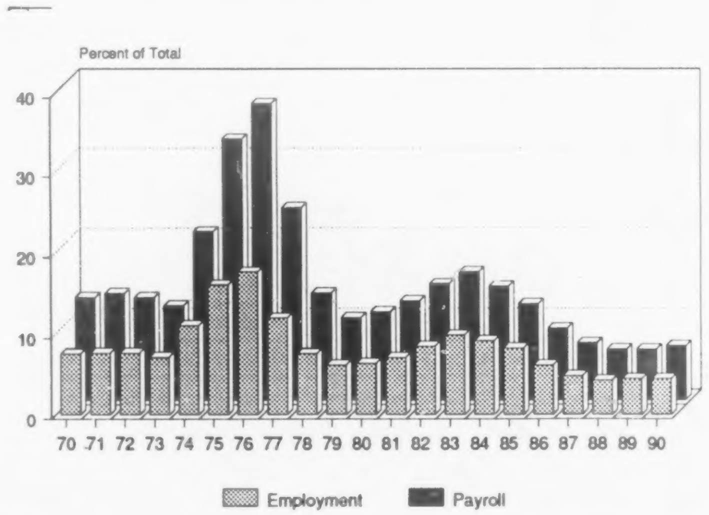
After construction began on the trans-Alaska pipeline in 1975, the industry became the state's second-largest employer. In 1976 it had the largest payroll — $1.5 billion — and employed more than 30,000 workers. Even when employment fell to 10,000 in 1979, construction still employed 6% of Alaska's wage and salary work force.

The construction cycle began again in 1980 with the increase in oil prices and, in turn, oil revenues. The oil industry also made significant investments in infrastructure. For four years the state spent more than a billion dollars a year on capital construction projects. (See Figure 2.) Residential and commercial construction projects followed. Residential building permits reached 12,000 in 1983. During the 1980-1983 period construction employment grew by more than 20% per year. Employment peaked at 20,700, or 9.7% of the state's work force, in 1983. Unlike the pipeline boom, this construction boom was spread across the state.

The construction industry's payroll carried even more economic punch than the jobs it created. Up until 1978 the industry's average monthly wages were the highest in the state. In 1979 construction's average monthly wage fell to second place behind the oil and gas sector, but had a clear lead over most industries. Construction earnings were above average because of higher-than-average hourly wages. The prevalence of overtime work, paid at one and a half times the base wage, further inflated earnings.

Figure • 1

Construction's Share of Employment and Payroll Levels Off



Source: Alaska Department of Labor, Research & Analysis

Oil crash altered construction's role

The industry's decline actually began before the crash of 1986. Construction employment peaked in 1983 and then began dropping. The severe decline did not begin until 1986; the slide did not end until 1989. (See Figure 3.) By then the construction industry dipped to less than half its 1983 size. It lost more jobs than any other industry — more than half of the 21,000 jobs lost during the recession were in construction. It is the only industry that is beyond the reach of its most recent peak.

Not only has employment in this industry become a shadow of its past, but its payroll has also lost some punch. (See Figure 1.) The reasons are not completely clear. Less overtime pay could be one. The industry became more competitive as contractors chased after less work. Downward pressure on hourly wages deflated earnings. Construction's 1990 average monthly wage in nominal dollars (not adjusted for inflation) was below the 1981-1984 period, while the average monthly wage for all industries has grown.

The construction industry is probably not on the threshold of another boom. Generally, an upswing occurs when one or more of Alaska's basic sectors grows and demands an increase in infrastructure. In Alaska it has meant the demand for a new oil pipeline, a military base, a fish processing plant, a new mine or a jump in oil revenues, which in turn prompts an increase in publicly-financed infrastructure. An increase in population then occurs, which results in additional construction activity in the residential and commercial sectors.

Construction began to recover with the rest of the economy in 1989. Unlike strong recoveries in Alaska's economy in the 1950s, 1970s and 1980s, the most recent recovery was not led by construction. In 1989 the construction industry

Figure • 2

Alaska's Capital Budget Shrinks

Source: ISER, University of Alaska–Anchorage

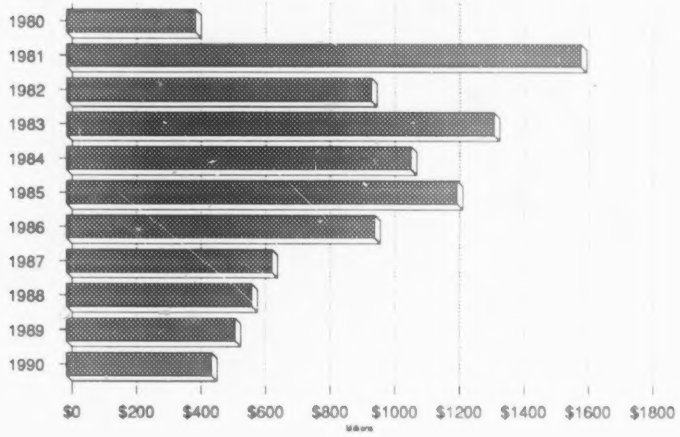
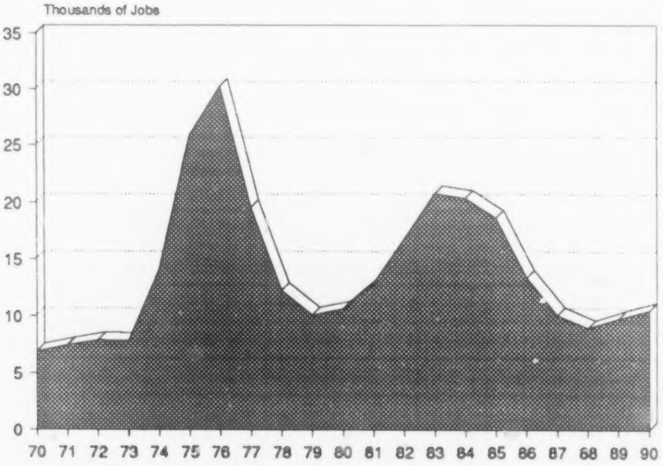


Figure • 3

Up's & Downs in the Construction Industry

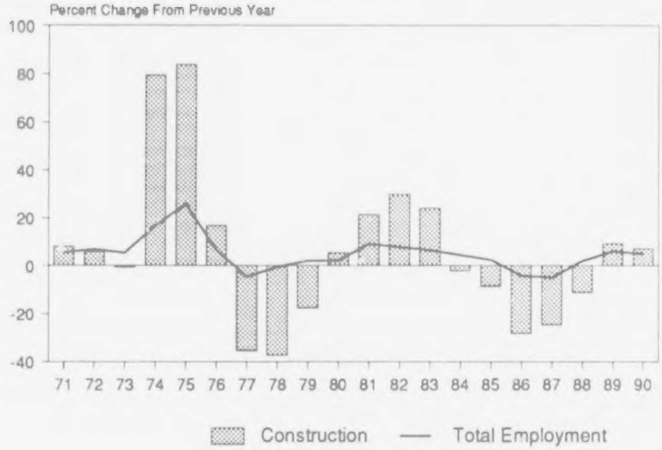
Source: Alaska Department of Labor, Research & Analysis



grew only slightly faster than the rest of the economy. (See Figure 4.) This weak recovery in construction was no surprise, given the large inventory of commercial and residential property on the market. It may also be a sign that construction's role in the state's economy is changing.

Figure • 4

Construction Often Led Economic Swings



Source: Alaska Department of Labor, Research & Analysis

In spite of the conspicuous increase in construction activity, overall employment in the industry in 1991 hasn't changed much from 1990 levels. Employment in the industry for the first half of 1991 grew 2.6%. As the year progressed the growth rate dwindled. By May, employment was falling compared to year-ago levels. Does this mean the apparent increase in construction activity is an illusion? Yes and no. Yes, there is more residential activity. Yes, there is more commercial activity. And yes, there is also more road construction. Housing permits and highway budgets support the contention there is an upswing in these areas.

The number of residential building permits issued could nearly double this year. Road construction is on the upswing. The new five-cent-a-gallon gasoline tax boosted federal highway funds. The Alaska Department of Transportation estimates the state received about $25 million more in federal highway funds in FY1992. Next year could see a similar increase. The 1992 state capital budget grew by $87 million, the largest increase since 1985. There is little doubt commercial construction is more lively than in the past several fallow years.

For example, three major national retailers are building new stores in Fairbanks and Juneau. Office buildings and additional retail space are being built in Anchorage. Princess Tours is building a new hotel in Fairbanks. So why doesn't employment data reflect an upsurge in activity?

Fewer large construction projects today

The number of large construction projects (in the $20-100 million range) has declined. Because most of these projects were at remote sites or were military-related, they were not very conspicuous. When these projects were completed or began to wind down, it was not noticeable to the casual observer.

As an example, construction projects for the new 6th light infantry division at Fort Wainwright in Fairbanks represented one of the state's largest source of construction employment since 1985. To date the army has spent more than $550 million. In 1988, the military appropriated $140 million for this project and the construction work force exceeded 1,000. Combining these figures with construction activity at Eielson Air Force Base in Fairbanks, the figures climb even higher. (See Figure 5.) This construction peaked in 1988 and is now falling.

Other military construction includes the Navy's recently completed $60 million backscatter radar in Amchitka. The $57 million the Navy spent in federal fiscal year 1990 at Adak has fallen to the $25-30 million range. Statewide, most defense-related work is on the wane because of defense spending cuts. Defense work in the Aleutian Islands has also fallen off.

More recently, several fish processing companies built new plants in Dutch Harbor. Universal Seafoods recently completed a $60 million dollar plant; Westward is nearly done building a $70 million plant.

The $328 million Bradley Lake project near Homer also falls into the remote class. This hydroelectric project began in 1988. It employed hundreds of workers, peaking at 378. This July there was a construction crew of 47 at the site putting the finishing touches on the project. Going back a little further, the development phase of the Red Dog lead and zinc mine northwest of Kotzebue was another large project. Construction crews peaked at 700 in 1989; the construction phase of Red Dog ended in 1990.

Even oil sector-related work, an important source of construction activity during the past three years, is subsiding. The oil companies finished installing the $450 million GHX-1 gas-handling project during the 1990 construction season. Pipeline repair work is also not reaching the levels it did last year.

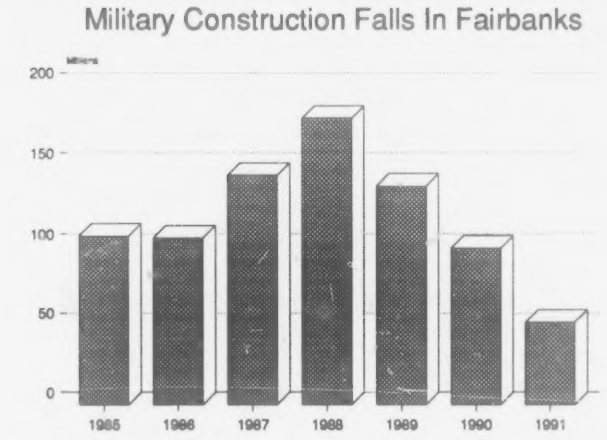
Variety of construction projects changes

Alaska's present construction mix is changing. Big industrial-type construction activity is giving way to more residential, commercial and road construction activity. The increase in residential and commercial activity is in response to a growth in population, not infrastructure. Most of this population growth is a result of an expanding economy in its third year of recovery.

Figure • 5

Military Construction Falls In Fairbanks

Source: Fairbanks North Star Borough, Community Research Center



Source: Fairbanks North Star Borough, Community Research Center.

As a result, absorption of residential and commercial space has taken place. It is also not unusual to see new commercial entry into a market after a period of economic recovery. Investors need some convincing that a recovery is indeed in motion before they are willing to commit. The economy's performance in 1989 and 1990 was pretty convincing.

It is possible that the present decline in construction employment could simply represent a lull in activity. Several sizeable construction projects are either just getting underway or have not yet begun. For example some of these are:

- $50-60 million hotel at the Alyeska Resort in Girdwood
- $20 million U.S. Fish & Wildlife Visitors Center in Homer
- $17.7 million Alaska Job Corps Center in Palmer
- $16 million for Coast Guard housing in Kodiak
- $9.7 million Carrs Quality Center store in Kenai
- $7.7 million dock in Unalaska
- $5 million new Alaska Railroad headquarters in Anchorage

The increase in residential, commercial, and road construction activity may not be large enough to replace the completed larger projects. There are already signs builders are approaching the residential market a bit more cautiously than they initially were in late 1990. More likely, construction may remain uncharacteristically stable during the next few years.

Conclusion: construction's economic role may remain small

Maybe it was inevitable that construction's role in Alaska's economy would diminish over time because of the remarkable expansion of the retail trade and services industries. Today 41% of Alaska's employment is with these two industries compared to 29% in 1970 and 35% in 1980. Given Alaska's youth as a state and the fact that economies are often reborn, this change might best be referred to as an increase in complexity or evolution in Alaska's economy.

In the immediate future some economic factors will act as a brake to prevent any construction boom. The tax incentives for commercial construction disappeared with the 1988 Tax Reform Act. Bankers are not about to open their vaults to real estate loans as readily as they did in the early 1980s. There is no expectation of a run up in oil revenues any time soon — a decline is much more likely. The economy is beginning to slow down.

This does not preclude construction from recapturing its preeminent role in the Alaskan economy. It would, however, take something on the magnitude of a gas pipeline or development of ANWR for the construction industry to once again reach its former prominence.

The Affordability of Alaska's Housing: 1987-1991

by F. Terry Elder

Changes in the affordability of homes result from an interaction of changes in home prices, interest rates, underwriting standards, and borrower income. Based on loan data obtained from the Alaska Housing Finance Corporation (AHFC), housing became less affordable during the year ending March 1991. The good news for home buyers, however, is that housing in Alaska was still more affordable than it was in the fourth quarter of 1987. These are the conclusions of a report recently prepared for AHFC by the Research and Analysis Section of the Alaska Department of Labor. (See sidebar this page.)

More affordable housing is good for home buyers, of course. If it results from falling market values of homes, however, it is bad for current homeowners. In the best of worlds, housing would become more affordable as rising incomes more than compensate for stable or rising home values. As the period of 1987 to the first quarter of 1991 shows, however, it is not always the best of worlds.

During the four years ended in the first quarter of 1991, changes in prices generally dominated changes in affordability. Not every type of housing and every area is affected the same way. Therefore, there are always some areas and types of homes that are weaker or stronger relative to others. A complete analysis of affordability would be based on all of a household's sources of income and its assets. The income is needed to meet the mortgage payments. The assets are needed to meet the required down payment and closing costs. Since such data are not available on a timely basis for each geographic area of the state, the unemployment insurance wage file was used to determine the median value of wage income in various locations of the state.

This median wage can be compared to the income required by a lender to meet the monthly payment (principal plus interest) on a 90% mortgage on the median priced home in the same area. As the monthly mortgage payments rise relative to incomes, housing becomes less affordable. As incomes rise relative to mortgage payments, housing becomes more affordable.

The report features an "Affordability Index" which indicates the ease or difficulty of qualifying for an average mortgage. The index is expressed as an area's average number of persons per household required to afford the average mortgage. It is computed by dividing the minimum income required for the area's average mortgage by the area's average wage income.

A larger index number means the household must contain more people, who are earning the average wage income, in order to qualify for the mortgage. If the indicator gets larger over time in a particular geographic area, it is becoming more difficult to qualify for the average home in that area. During any quarter of any year, the value of the indicator in one area can be compared to that of another area. Again, housing is considered to be less affordable in the area with the larger value for the indicator.

Income Increased, home prices declined

All three types of single family dwellings (condominiums and single family residences with and without a garage) increased in affordability between the first quarters of 1987 and 1991. (See Figure 1.) The number of wage earners needed to qualify for a 90% mortgage (the Affordability Index) fell sharply through 1987. This means that housing became more affordable. The index continued to decline moderately until the second quarter of 1990. It began to rise as home price increases began to outpace income gains, and AHFC's subsidy reduction slightly increased the median mortgage payment.

Over the entire period, two primary factors influenced the index and caused housing to increase in affordability.

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The publication, *Alaska Housing Market Indicators*, provides detailed statistics relating to Alaska's housing market. The report was funded by the Alaska Housing Finance Corporation in order to establish baseline indicators of the condition of Alaska's housing market. The information is derived from new surveys conducted by the Alaska Department of Labor, from housing loan characteristic information from Alaska Housing Finance Corporation and other sources. Selected housing market statistics from the 1990 Census are also included in this report. Building permit information was obtained through personal and survey contact of virtually every local government agency in Alaska. Housing sales information was obtained from the reporting Multiple Listing Service agencies throughout the state

Average wage income increased, and average home prices declined. These more than offset slightly higher interest rates, whose rise had a negative effect on affordability. The underwriting standard was unchanged during the time period.

The median price of single family homes with a garage ended the period 22.1% lower than in the first quarter of 1987, but 28.5% higher than the low reached in the first quarter of 1990. The median price of single family homes without a garage declined 39.2% over the four-year period, and ended the period only 14.0% above the low reached in the second quarter of 1990. The greatest price volatility was in condominiums. The median price of condominiums ended the four year period 44.7% below the first quarter of 1987, but 42.5% greater than the low point reached in the first quarter of 1990.

From the first quarter of 1987 to the first quarter of 1989, average monthly wages fluctuated in a narrow range around $2,300. There was a sharp jump in the second and third quarters of 1989, and average monthly wages ended the period at a preliminary level of $2,465, up more than 7 percent. This increase caused homes to become modestly more affordable over the period.

Interest rates affect mortgage payments

Increases in AHFC interest rates slightly offset the positive impacts of declines in home prices and increases in wage income. The subsidized interest rate was 9.1% during the first half of 1987, and then rose to a level of 10% for the rest of the period[1]. The unsubsidized rate rose sharply in the third quarter of 1987 from 9.1% to 11.1%. It declined in an irregular fashion beginning in the first quarter of 1990, but still ended the four-year period at 10.3%.

In addition to the higher interest rates, the monthly mortgage payment increased due to a reduction in the amount of the loan which was subject to the subsidized rate. From the first quarter of 1987 through the second quarter of 1990, the first $90,000 of a loan was subject to the subsidized rate. On July 1, 1990, this was reduced to $70,000. The effect of this action was the same as a general increase in interest rates on loans greater than $70,000. When the change occurred, only the median price of single family homes with a garage was greater than $70,000. The change did not affect a loan for the average condominium or single family home without a garage. The net result (holding other factors constant) was to make single family homes with garages less affordable both absolutely and *relative* to the other two types of homes.

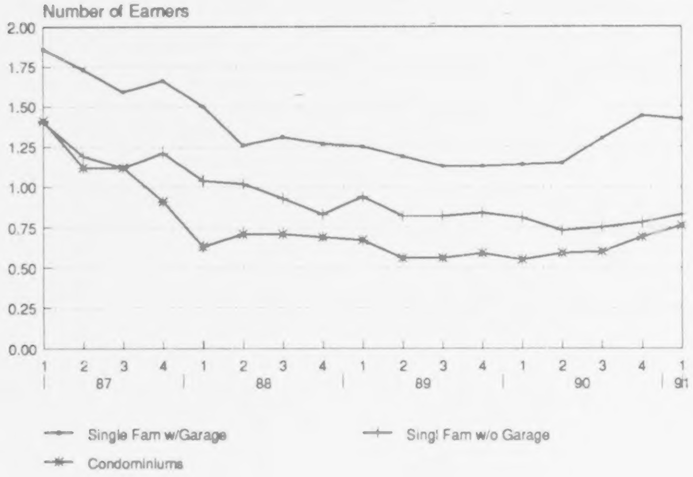
The increases in interest rates, coupled with the reduction in the amount of the loan subject to the subsidized rate, reduced the affordability of housing (holding other factors constant). For example, on a $90,000 30-year fixed-rate loan, an increase in the loan rate from 9.1% to 10.1% increases the monthly mortgage payment by about $66. Applying this mortgage payment increase to the underwriting standard results in the lender requiring the borrower to earn $275 per month more to qualify for a loan.

Figure • 1

Affordability Index

(Number of Earners Required to Qualify for a 90% Mortage)

Statewide , 1st Quarter 1987-1991



Note: 4th Quarter 1990 and 1st Quarter 1991 are preliminary

Source: Alaska Department of Labor, Research & Analysis

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[1] For most of the 1980s, AHFC loans have included a state subsidy which takes the form of a lower interest rate on the borrower's loan. The unsubsidized interest rate is essentially the corporation's cost of funds. The subsidized rate is less than the cost of funds only when the cost of funds exceeds 10%. The subsidized and unsubsidized rates were both 9.125% in early 1987. The subsidized interest rate may not apply to the total loan amount. There is a size limit set by law, and that limit is being phased out gradually.

July is Height Of Summer Activity

by John Boucher

Alaska's statewide unemployment rate dipped below 7.0% in July, falling more than a full percentage point to 6.7%. The 6.7% rate matched the comparable national unemployment rate for July. This marked the first time in a year that Alaska had an unemployment rate at or below the national average.

The drop in the July rate reversed a recent trend in statewide unemployment. There were slight increases in Alaska's unemployment rate during May and June — a somewhat unusual occurrence for Alaska's economy during the summer months. An increase or even no change in Alaska's unemployment in July would have signalled a very weak summertime economy. The drop in unemployment in July eases concerns that Alaska's normal seasonal surge would not materialize this year.

While the July drop in unemployment reversed the recent trend of summertime increases, it sustained another longer term unemployment trend. During 1991 the statewide unemployment rate has been consistently above the year-ago figure for the same month. Comparisons to last year had been relatively close to 1990 up until June, but the difference between this year and last year has grown larger in the last two months. This July's unemployment rate was significantly above last July's rate of 5.1%. (See Figure 1.)

In concert with the drop in unemployment in July, wage and salary employment grew by 5,400 jobs during the month. (See Table 1.) Typically, wage and salary employment peaks during July and August. Fish processors reach their peak employment of the year, Alaska's visitor industry is in full swing, construction, logging and the mining industries are all bustling with activity.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 7/91	r/ 6/91	7/90	Changes from: 6/91	7/90
Total Nonag. Wage & Salary	258,400	253,000	256,900	5,400	1,500
Goods-producing	50,500	45,000	51,400	5,500	-900
Mining	12,400	12,300	12,700	100	-300
Construction	12,900	12,300	13,000	600	-100
Manufacturing	25,200	20,400	25,700	4,800	-500
Durable Goods	3,700	3,700	4,800	0	-1,100
Lumber & Wood Products	2,700	2,700	3,800	0	-1,100
Nondurable Goods	21,500	16,700	20,900	4,800	600
Seafood Processing	17,400	12,700	16,900	4,700	500
Pulp Mills	900	900	900	0	0
Service-producing	207,900	208,000	205,500	-100	2,400
Transportation	23,200	22,800	22,600	400	600
Trucking & Warehousing	2,800	2,800	2,800	0	0
Water Transportation	1,600	1,600	1,900	0	-300
Air Transportation	7,300	7,200	7,300	100	0
Communications	3,600	3,600	3,400	0	200
Trade	49,600	49,100	48,900	500	700
Wholesale Trade	8,800	8,700	8,600	100	200
Retail Trade	40,800	40,400	40,300	400	500
Gen. Merch. & Apparel	6,400	6,300	6,000	100	400
Food Stores	7,000	7,000	6,800	0	200
Eating & Drinking Places	14,600	14,300	14,500	300	100
Finance-Ins. & Real Estate	10,500	10,600	10,400	-100	100
Services & Misc.	55,900	55,300	54,700	600	1,200
Hotels & Lodging Places	7,300	7,000	7,200	300	100
Government	68,700	70,200	68,900	-1,500	-200
Federal	19,300	18,700	19,600	600	-300
State	20,900	21,100	21,500	-200	-600
Local	28,500	30,400	27,800	-1,900	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment
By Place of Work

Municipality of Anchorage

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	117,800	117,500	115,150	300	2,650
Goods-producing	14,300	13,800	14,000	500	300
Mining	3,900	3,950	3,750	-50	150
Construction	7,300	7,000	7,250	300	50
Manufacturing	3,100	2,850	3,000	250	100
Service-producing	103,500	103,700	101,150	-200	2,350
Transportation	12,150	12,150	11,800	0	350
Trucking & Warehousing	1,750	1,750	1,600	0	150
Water Transportation	300	350	300	-50	0
Air Transportation	4,400	4,350	4,450	50	-50
Communications	2,150	2,150	1,900	0	250
Trade	27,250	27,050	26,600	200	650
Wholesale Trade	6,150	6,150	6,050	0	100
Retail Trade	21,100	20,900	20,550	200	550
Gen. Merch. & Apparel	3,250	3,250	3,150	0	100
Food Stores	3,400	3,350	3,200	50	200
Eating & Drinking Places	7,850	7,800	7,850	50	0
Finance-Ins. & Real Estate	6,600	6,650	6,500	-50	100
Services & Misc.	30,950	31,100	29,750	-150	1,200
Hotels & Lodging Places	2,800	2,800	2,750	0	50
Government	26,550	26,750	26,500	-200	50
Federal	10,600	10,450	10,700	150	-100
State	7,400	7,600	7,250	-200	150
Local	8,550	8,700	8,550	-150	0

Fairbanks North Star Borough

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	28,900	28,600	28,900	300	0
Goods-producing	2,750	2,550	2,950	200	-200
Mining	250	200	300	50	-50
Construction	1,800	1,700	1,950	100	-150
Manufacturing	700	650	700	50	0
Service-producing	26,150	26,050	25,950	100	200
Transportation	2,200	2,150	2,200	50	0
Trucking & Warehousing	500	450	500	50	0
Air Transportation	500	500	450	0	50
Communications	300	300	300	0	0
Trade	6,550	6,500	6,550	50	0
Wholesale Trade	800	800	800	0	0
Retail Trade	5,750	5,700	5,750	50	0
Gen. Merch. & Apparel	550	550	600	0	-50
Food Stores	800	850	800	-50	0
Eating & Drinking Places	2,550	2,450	2,500	100	50
Finance-Ins. & Real Estate	850	850	850	0	0
Services & Misc.	6,750	6,600	6,700	150	50
Government	9,800	9,950	9,650	-150	150
Federal	3,300	3,250	3,250	50	50
State	4,050	4,100	4,050	-50	0
Local	2,450	2,600	2,350	-150	100

Anchorage-MatSu Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	125,500	125,300	122,700	200	2,800
Goods-producing	14,950	14,400	14,550	550	400
Mining	4,100	4,150	3,800	-50	300
Construction	7,650	7,300	7,600	350	50
Manufacturing	3,200	2,950	3,150	250	50
Service-producing	110,550	110,900	108,150	-350	2,400
Transportation	12,800	12,800	12,400	0	400
Trade	29,150	29,000	28,600	150	550
Finance-Ins. & Real Estate	7,050	7,050	6,950	0	100
Services & Misc.	32,600	32,750	31,350	-150	1,250
Government	28,950	29,300	28,850	-350	100
Federal	10,800	10,600	10,900	200	-100
State	8,200	8,450	8,100	-250	100
Local	9,950	10,250	9,850	-300	100

Interior Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	33,800	33,350	33,900	450	-100
Goods-producing	3,150	2,950	3,300	200	-150
Mining	450	400	500	50	-50
Construction	1,950	1,850	2,050	100	-100
Manufacturing	750	700	750	50	0
Service-producing	30,650	30,400	30,600	250	50
Transportation	2,550	2,450	2,600	100	-50
Trade	7,050	7,000	7,050	50	0
Finance-Ins. & Real Estate	950	950	950	0	0
Services	7,750	7,600	7,600	150	150
Government	12,350	12,400	12,400	-50	-50
Federal	4,000	3,950	4,000	50	0
State	4,700	4,550	4,750	150	-50
Local	3,650	3,900	3,650	-250	0

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	36,450	35,200	37,450	1,250	-1,000
Goods-producing	7,750	6,550	8,400	1,200	-650
Mining	350	350	350	0	0
Construction	1,400	1,350	1,300	50	100
Manufacturing	6,000	4,850	6,750	1,150	-750
Durable Goods	2,300	2,300	3,300	0	-1,000
Lumber & Wood Products	2,200	2,200	3,200	0	-1,000
Nondurable Goods	3,700	2,550	3,450	1,150	250
Seafood Processing	2,550	1,400	2,300	1,150	250
Pulp Mills	950	900	900	50	50
Service-producing	28,700	28,650	29,050	50	-350
Transportation	3,100	3,050	3,150	50	-50
Trade	5,950	5,800	6,000	150	-50
Wholesale Trade	600	600	600	0	0
Retail Trade	5,350	5,200	5,400	150	-50
Finance-Ins. & Real Estate	1,150	1,150	1,100	0	50
Services & Misc.	6,350	6,300	6,500	50	-150
Government	12,150	12,350	12,300	-200	-150
Federal	2,350	2,300	2,400	50	-50
State	5,500	5,600	5,750	-100	-250
Local	4,300	4,450	4,150	-150	150

Gulf Coast Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	28,800	27,300	29,300	1,500	-500
Goods-producing	10,350	8,650	10,700	1,700	-350
Mining	1,300	1,200	1,350	100	-50
Construction	1,100	1,150	1,200	-50	-100
Manufacturing	7,950	6,300	8,150	1,650	-200
Seafood Processing	6,900	5,200	7,100	1,700	-200
Service-producing	18,450	18,650	18,600	-200	-150
Transportation	2,250	2,150	2,200	100	50
Trade	4,800	4,800	4,850	0	-50
Wholesale Trade	650	650	700	0	-50
Retail Trade	4,150	4,150	4,150	0	0
Finance-Ins. & Real Estate	600	650	600	-50	0
Services & Misc.	5,100	5,000	5,100	100	0
Government	5,700	6,050	5,850	-350	-150
Federal	650	600	700	50	-50
State	1,800	1,900	1,950	-100	-150
Local	3,250	3,550	3,200	-300	50

Northern Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	15,400	15,500	15,800	-100	-400
Goods-producing	6,800	6,700	7,300	100	-500
Mining	6,350	6,250	6,750	100	-400
Service-producing	8,600	8,800	8,500	-200	100
Government	4,050	4,350	4,000	-300	50
Federal	300	300	300	0	0
State	350	350	350	0	0
Local	3,400	3,700	3,350	-300	50

Southwest Region

	p/	r/		Changes from:	
	7/91	6/91	7/90	6/91	7/90
Total Nonag. Wage & Salary	18,350	16,800	17,850	1,550	500
Goods-producing	7,650	5,950	7,050	1,700	600
Seafood Processing	7,250	5,550	6,650	1,700	600
Service-producing	10,700	10,850	10,800	-150	-100
Government	5,500	5,850	5,600	-350	-100
Federal	1,250	1,300	1,300	-50	-50
State	600	550	550	50	50
Local	3,650	4,000	3,750	-350	-100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: *Alaska Department of Labor, Research & Analysis Section.*

Troubled waters forAlaska's salmon fishing industry

Strikes by fishermen, lower prices and struggling processors all made news in the fishing industry in July. Fortunately, the strikes were settled quickly so that Alaska's seafood processors could buy fish. This meant nearly 5,000 more seafood processing jobs in July than in June. Most of the employment gains were in the coastal areas — particularly Southwest Alaska and the Gulf Coast region of the state. (See Table 2.)

While employment levels in Alaska's fish processing sector are at or above last year, that doesn't necessarily mean that Alaska's salmon fishing industry is as healthy as it was during 1990. Processing employment is just part of the economic impact Alaska's salmon fishery has on the state. The income the salmon fishery provides to Alaskan salmon fishermen is an important economic stimulus for many communities. In many rural areas of Alaska, fishing is the only private industry of any significance.

Lower prices for salmon generally means that fishermen will have less disposable income to spend during the coming winter. The impact of less income in these communities will be spread out over a variety of industries from marine equipment retailers to restaurants. All of these and more can be affected by less available income in a community.

While lower prices for salmon are reason for concern in many areas of Alaska, low prices provided one unique opportunity, which could result in a new market for Alaskan fish. One Kodiak processor is experimenting with using pink salmon in surimi. The new product is being manufactured using pink salmon alone and in a blend with whitefish. After some early setbacks in developing the product, the pink or salmon surimi looks feasible. The salmon surimi will be test marketed this fall. If it is successful there might be a new use for Alaska's lower value fish.

One problem is that even with lower prices the pink or blended surimi costs more to produce than regular surimi. The cost of pink salmon to the processor is anywhere from 25-50% higher than the 9-10 cents a pound processors pay for pollack. The results thus far have meant a higher cost per unit for the salmon surimi. The hope is that the price differential can be overcome by marketing salmon surimi as a higher quality product which could develop its own market niche. Another possibility is that development of this product may carve out a use for fish which currently have no use. A hatchery with an abundance of fish might benefit from a market for this product. Another possibility is that watermarked fish that would otherwise be considered valueless could be used in this product.

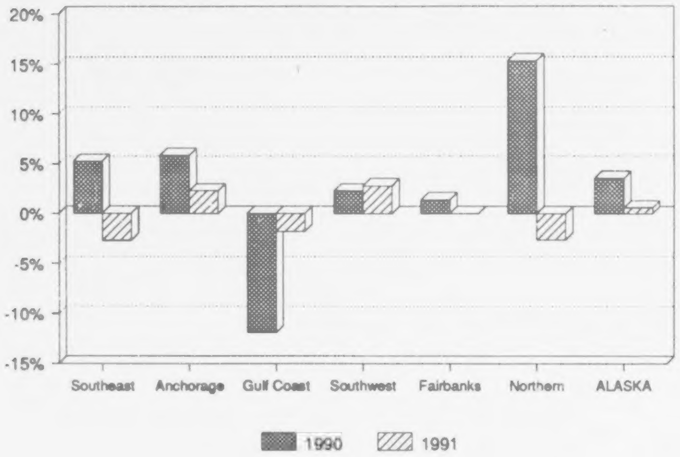
Regional outlook: Anchorage leading the way

Anchorage continued to post the strongest regional employment growth in the state. Anchorage's employment growth is being sustained by a strong performance in the services industry. The two negatives on the Anchorage employment scene this summer have been employment lost because of less international air traffic and the loss of temporary census workers, but growth in other industries has been more than enough to offset these employment losses.

Southeast Alaska, on the other hand, does not have the employment growth in

Figure • 1

Most Regions Show Slower Growth in 1991
Over the Year Growth Rates for July



Source: Alaska Department of Labor, Research and Analysis Section

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 7/91	r/ 6/91	7/90	p/ 7/91	r/ 6/91	7/90	p/ 7/91	r/ 6/91	7/90
Mining	$1,210.44	$1,177.34	$1,151.50	52.4	51.3	49.0	$23.10	$22.95	$23.50
Construction	1,129.49	1,121.39	1,149.45	46.5	46.3	47.4	24.29	24.22	24.25
Manufacturing	527.34	534.17	537.10	51.0	45.5	47.7	10.34	11.74	11.26
Seafood Processing	465.00	420.36	462.85	54.9	46.5	51.2	8.47	9.04	9.04
Trans., Comm. & Utilities	657.53	669.75	628.99	35.6	37.5	36.4	18.47	17.86	17.28
Trade	370.74	383.04	372.33	33.4	34.2	34.7	11.10	11.20	10.73
Wholesale	588.24	626.48	589.55	39.4	41.0	39.7	14.93	15.28	14.85
Retail	326.19	331.25	326.93	32.2	32.7	33.6	10.13	10.13	9.73
Finance-Ins. & R.E.	406.64	423.57	394.87	34.2	36.8	35.8	11.89	11.51	11.03

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

other industries to offset the negative impact of timber industry job losses. There were nearly 1,000 fewer jobs in Southeast Alaska's timber industry this July compared to July of 1990. This is the lowest level for July timber industry employment since 1986. The impact of these job losses is evident in the unemployment rates of areas where the timber industry is an integral part of the local job picture. Unemployment is up sharply over last year in the Ketchikan, Prince of Wales-Outer Ketchikan and Haines areas.

Northern Alaska has had one of the more dramatic changes in its rate of employment growth. Most of that change can be accounted for by events in the mining industry. During 1990 construction of the gas-handling facility was at its peak and the Red Dog mine was also contributing strong growth. This year the Bima closure has negated gains at Red Dog and the construction season on the North Slope has not been as busy as last year.

Slower employment growth in Fairbanks compared to last year can be traced almost entirely to the construction industry. Military related construction has fallen off dramatically this year and some firms have less employment because there has been less pipeline repair work than in 1990. (See construction article beginning page 1 for details.) Construction woes are also a prime reason for the employment drop compared to 1990 in the Gulf Coast region. Completion of the Bradley Lake hydroelectric project is a big factor in the drop in construction employment in this region.

Southwest Alaska is the lone region of the state to post a higher rate of employment growth this July than last July. The story in Southwest Alaska continues to be the fishing industry. While salmon processors struggled this year, there is a larger employment base in Southwest Alaska due to additional bottomfish processing plants.

July marks peak of a slower 1991

July employment and unemployment statistics showed that Alaska's annual summer employment surge took place. They also confirmed the recent trend of slower growth in Alaska's economy. Unemployment in Alaska was the highest it has been for July in the last three years. The July rate was still relatively low, however, compared to what it has been historically.

With a strong performance in the services industry, Anchorage led the state in employment growth. Southwest Alaska contributed some additional employment growth. Most of the other regions of the state had one or two sectors of the economy that are lagging their performance of 1990. Taken together, the slowdown in the regions outside of Anchorage add up to the slowest employment growth for Alaska in the last three years.

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Labor Force By Region and Census Area

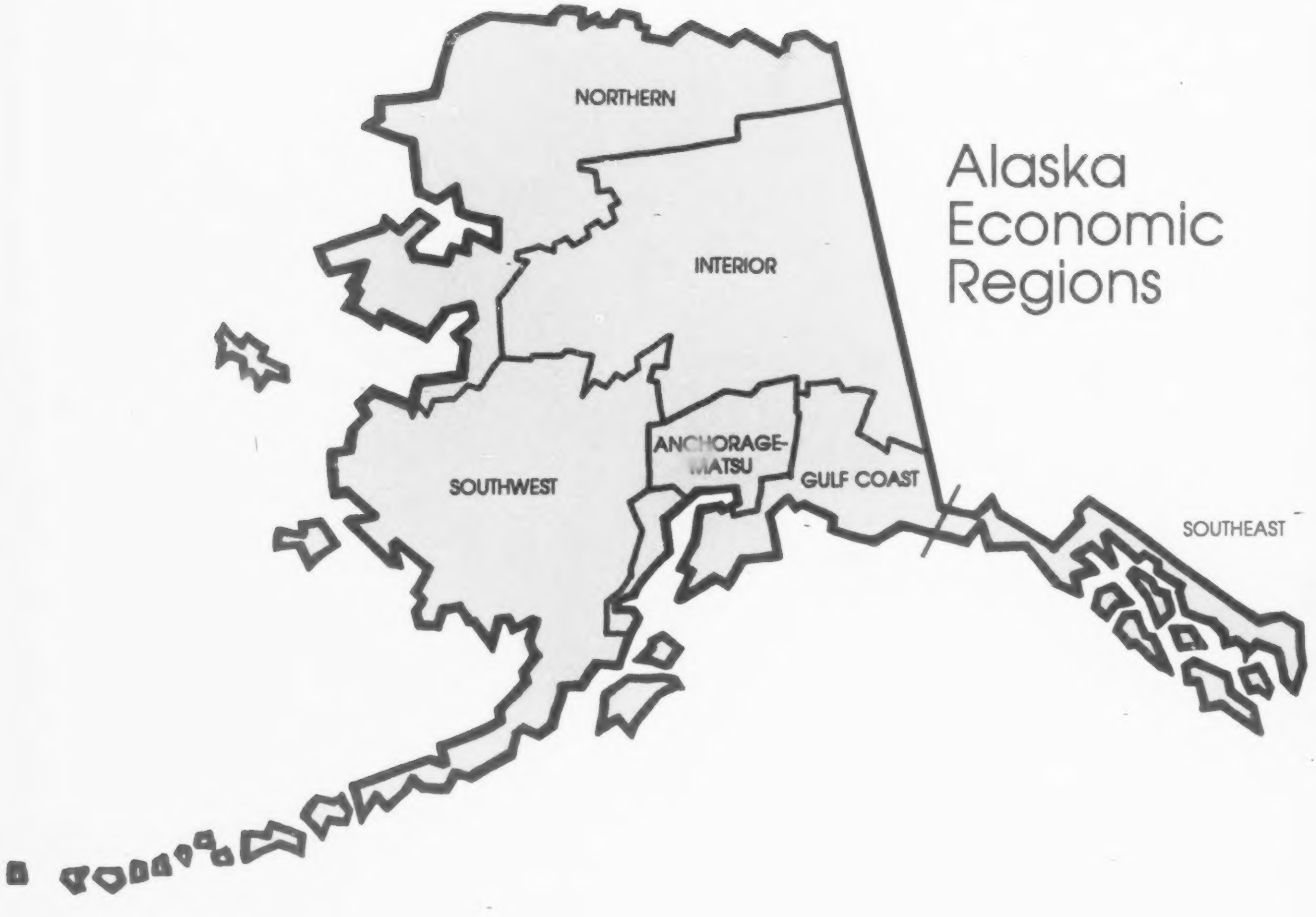
	Labor Force			Unemployment			Rate %			Employment		
	p/ 7/91	r/ 6/91	7/90	p/ 7/91	r/ 6/91	7/90	p/ 7/91	r/ 6/91	7/90	p/ 7/91	r/ 6/91	7/90
Alaska Statewide	269,308	264,601	268,821	18,118	20,639	13,677	6.7	7.8	5.1	251,190	243,962	255,144
Anch.-MatSu Region	136,761	136,089	134,365	8,526	9,522	6,377	6.2	7.0	4.7	128,235	126,567	127,988
Municipality of Anchorage	120,822	119,872	118,808	6,736	7,451	4,891	5.6	6.2	4.1	114,086	112,421	113,917
MatSu Borough	15,939	16,217	15,557	1,790	2,071	1,486	11.2	12.8	9.6	14,149	14,146	14,071
Gulf Coast Region	34,393	33,078	35,354	2,407	3,089	1,998	7.0	9.3	5.7	31,986	29,989	33,356
Kenai Peninsula Borough	21,471	20,466	21,823	1,872	2,091	1,385	8.7	10.2	6.3	19,599	18,375	20,438
Kodiak Island Borough	7,705	7,628	8,066	237	626	278	3.1	8.2	3.4	7,468	7,002	7,788
Valdez-Cordova	5,217	4,984	5,465	298	372	335	5.7	7.5	6.1	4,919	4,612	5,130
Interior Region	37,314	36,987	37,362	3,240	3,789	2,492	8.7	10.2	6.7	34,074	33,198	34,870
Fairbanks North Star Bor.	32,314	31,942	32,392	2,769	3,157	2,157	8.6	9.9	6.7	29,545	28,785	30,235
Southeast Fairbanks	2,080	2,071	2,029	192	231	97	9.2	11.2	4.8	1,888	1,840	1,932
Yukon-Koyukuk	2,920	2,974	2,941	279	401	238	9.6	13.5	8.1	2,641	2,573	2,703
Northern Region	8,377	8,547	8,417	835	904	595	10.0	10.6	7.1	7,542	7,643	7,822
Nome	3,138	3,204	3,086	379	408	225	12.1	12.7	7.3	2,759	2,796	2,861
North Slope Borough	2,971	3,039	3,055	118	148	96	4.0	4.9	3.1	2,853	2,891	2,959
Northwest Arctic Borough	2,268	2,304	2,276	338	348	274	14.9	15.1	12.0	1,930	1,956	2,002
Southeast Region	37,918	36,349	38,931	2,424	2,540	1,676	6.4	7.0	4.3	35,494	33,809	37,255
Haines Borough	1,017	1,009	928	173	205	42	[illegible]	20.3	4.5	844	804	886
Juneau Borough	16,881	16,051	17,492	830	762	644	4.9	4.7	3.7	16,051	15,289	16,848
Ketchikan Gateway Bor.	7,116	6,862	7,245	538	597	341	7.6	8.7	4.7	6,578	6,265	6,904
Pr. of Wales-Outer Ketch.	2,934	2,784	2,935	316	291	187	10.8	10.5	6.4	2,618	2,493	2,748
Sitka Borough	4,397	4,202	4,571	216	219	183	4.9	5.2	4.0	4,181	3,983	4,388
Skagway-Yakutat-Angoon	1,787	1,716	1,850	153	159	135	8.6	9.3	7.3	1,634	1,557	1,715
Wrangell-Petersburg	3,786	3,725	3,910	198	307	144	5.2	8.2	3.7	3,588	3,418	3,766
Southwest Region	14,545	13,551	14,392	686	795	539	4.7	5.9	3.7	13,859	12,756	13,853
Aleutians East Borough	1,021	943	1,020	7	9	6	0.7	1.0	0.6	1,014	934	1,014
Aleutians West	2,871	2,649	2,864	29	33	23	1.0	1.2	0.8	2,842	2,616	2,841
Bethel	5,630	5,254	5,531	377	419	280	6.7	8.0	5.1	5,253	4,835	5,251
Bristol Bay Borough	550	510	547	14	17	11	2.5	3.3	2.0	536	493	536
Dillingham	2,584	2,422	2,565	74	112	56	2.9	4.6	2.2	2,510	2,310	2,509
Wade Hampton	1,889	1,773	1,865	185	205	163	9.8	11.6	8.7	1,704	1,568	1,702

Notes: p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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